

# Rise in public borrowing accepted by Cabinet

The Cabinet accepted yesterday that public borrowing would rise next year and that increases in indirect taxation might be inevitable, representing a relaxation in the Treasury's monetary policy. Spending cuts will be discussed in detail at an extra Cabinet meeting on Tuesday, with new cuts being sought may total £2,000m.

## Tax increases on way in battle over cuts

Mr. Emery, the Treasury's permanent secretary, said in a speech to the House of Commons that the Government was "not going to be able to avoid" a rise in public borrowing next year. He said that the Treasury's monetary policy was "not as tight as it was in the last year" and that "there will be a relaxation of the monetary policy". He also said that "there will be a relaxation of the monetary policy" and that "there will be a relaxation of the monetary policy".

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## adgers face death

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# Frustrated shoppers ask why there is no meat or fruit and why tomatoes cost £3 a lb

## The food cupboards in Russian homes are running low

From Michael Blyden, Moscow, Oct 30. President Brezhnev's frank admission last week that the country's food supplies were not meeting the needs of the cities properly went to the heart of complaints that have been heard with increasing frequency over the past year. Russians have long been used to shortages, and to having to queue for the few goods that are available. But since the end of the food rationing at the beginning of the Khrushchev period, they have taken it for granted that there will be enough to eat. Indeed, they have come to expect a steady improvement in food supplies, just as they now expect a steady improvement in consumer goods.



Sub dismissed: The Queen and Prince Philip arrived at Heathrow Airport, London, yesterday from Moscow. A few weeks ago, the Queen and Prince Philip were in the USSR for a three-day visit. Buckingham Palace said the tour had been unusually interesting (Our Diplomatic Correspondent writes). If there were mishaps giving rise to reports that the Queen had been upset, they were only ones of timing, it appears. King Hassan, taking personal charge of the arrangements, was fastidious in looking after his guests. Delays in the programme, and there were several, were described by Buckingham Palace as not important and no cause for supposing that the Queen was snubbed.

# Polish leaders win Soviet support and pledge of more economic aid

From Our Own Correspondent, Moscow, Oct 30. Poland's leaders, who arrived in Moscow this morning for urgent talks with President Brezhnev over the political and economic crisis in their country, returned to Warsaw in the afternoon with what appears to be strong Soviet support for their position and a promise of further economic aid. A communiqué published by Tass soon after Mr. Solidarnosc, the Polish trade union, and Mr. Jozef Piskowski, the Prime Minister, left, suggested the talks with Mr. Brezhnev and his Soviet Politburo members went well. It spoke of an atmosphere of "cordiality" and an "exchange of views" and appeared to be intentionally to defuse speculation that the Russians had summoned the Poles to warn them against any further concessions to the "independent" trade unions.

# Mr Foot is local parties' predominant choice as leader, 'Times' poll finds

By Ian Bradley. Mr. Michael Foot would be the predominant choice of constituency Labour parties if they had a vote in the leadership election. That is the main conclusion to emerge from a survey of constituencies with sitting Labour MPs undertaken by The Times this week. The survey found that of these constituencies, three have taken polls at meetings of their general management committees, or have otherwise been able to gauge the feelings of their members, just under 60 per cent would vote for Mr. Foot. Mr. Denis Healey would receive the support of 27 per cent, with both Mr. Peter Shore and Mr. John Silkin trailing, with 2 per cent each.

# Hostages delay

The Iranian debate on the American hostages has been delayed until Sunday because deputies opposed to a quick solution boycotted a key parliamentary session, depriving it of its main American supporters, who were said to be running high.

# Injured PC dismissed

PC Stephen Hocking, aged 20, who lost part of his arm in a bomb explosion at Catford police station, London, has lost his job at the Metropolitan Police after a medical examination.

# Apartheid changes

Dr Piet Koornhof, the South African Minister of Cooperation and Development, introduced three draft bills designed to eliminate discriminatory and racial discrimination, and to rationalise the influx control of "coloured" areas.

# Farewell to the Fawlt Towers of British Rail

From Michael Horsnell, Paris, Oct 30. The Orient Express may have had its murders but even Hercules Poirot might be moved to a seat tomorrow when the last of the great British trains, the Night Ferry from Victoria station to Paris, comes to the end of the line at the Gare du Nord after 44 years.

Complete with the faded livery of the very wagons lit which in 1936 carried the first passengers across the Channel without disturbing their dreams, the Night Ferry through train is to go the way of the Golden Arrow, the Brighton Belle and the Orient Express itself, to the great station in the sky.

It was the train which gentlemen caught with other gentlemen's wives from platform one at Victoria on route for Paris and Berlin, which they reached in time for luncheon the following day.

For the use of the cleaning car in his day a supplement of £1 12s 6d was charged for first class passengers.

Yesterday I paid £12.32 for a last nostalgic first-class single berth return journey on board the train which has been losing British Rail £28,000 a year.

So I hung my toilet bag from the velvet-lined hook from which gentlemen used to suspend their watch-chains and poked the bell-pull to order a half-bottle of Bollinger.

The bell did not work. Neither did the order. The sleeping car attendant, however, did everything he could to make the journey as comfortable as possible. It was a can of worms, I tell you.

"There's no buffet car, sir," he told me.

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## HOME NEWS

## Lady Kagan in plot to amass £1m tax-free nest egg, jury is told

From Our Correspondent

Lady Kagan, wife of the head of the Gannex textile empire, was involved with others in a scheme to amass a large sum in a secret Swiss bank account as a "tax-free nest egg", it was alleged by the prosecution at Leeds Crown Court yesterday.

She pleaded not guilty to conspiring to defraud the Inland Revenue by keeping the profit from the export of denim cloth. Lady Kagan, aged 55, of Flixby Road, Huddersfield, is jointly accused with two other people and one company.

Raymond Kennedy, aged 54, of Wedgwood Drive, Leeds; Thelma Ginsburg, of Broomfield, Eland, near Halifax, and Kagan Textiles Ltd, also pleaded not guilty to conspiracy to defraud the Crown.

A similar charge against another Kagan company, Cellofoam (Yorkshire) Ltd, will be dealt with later.

The case against Mrs Ginsburg's husband and wife was not proceeded because he was too sick to stand trial. He was discharged.

Mr Christopher Holland, QC, for the prosecution, said the case arose from an alleged conspiracy involving a life insurer and the formation of a Panamanian company with its own secret bank account.

"The other side is the sad criminality of the matter. We are dealing with people of proven talent and achievement who found themselves more and more involved in a matter which gave rise to more and more deception."

The defendants planned to divert into their Swiss account money that should have been brought back to Britain. The group had made up "criminally false documents and records" to cover up the scheme.

They formed a Panamanian company called Denim Continental (SA). "Although it was wholly owned and controlled by the defendants, its ownership was kept secret and clandestine."

The company bought ship-

ments of denim cloth from Cellofoam (Yorkshire) at "knockdown" prices and sold it at its full value to buyers in Belgium and Italy.

The Panamanian company returned to Britain "very modest sums representing a gross under-value, and sent the balance of the money to the bank account in Switzerland. At least £546,695 was diverted to Switzerland from the sale of denim."

The part played by Lord Kagan was vital to the background of the case, Mr Holland said. But Lord Kagan was not accused of conspiracy to defraud. He was earlier committed to face trial later on separate charges.

Lord Kagan was energetic, enterprising and financially shrewd and commanded obedience and loyalty from his closest colleagues. But he had another side: "He was driven hard by the pursuit of wealth and was the living spirit behind the conspiracy that is alleged."

Mrs Ginsburg was a trusted and loyal employee of the Kagan group, and served as assistant to her husband, Waldemar, who was mainly responsible for the paperwork of the Panamanian company.

Mr Kennedy was Mr Holland said the centre of the financial administration of the group and was an inevitable member of the alleged conspiracy.

He was a company secretary of the three British firms involved in the case.

Lady Kagan, who had lived apart from her husband for some time, was heavily involved in the family's business dealings.

Mr Holland said the denim came into Lord Kagan's hands after the purchase of a bankrupt company, Charles Crabtree Ltd in 1972. By 1974 the stock of denim bought at low prices became valuable because of an increased demand for the commodity in Europe. It was then that the alleged conspiracy was created.

The trial was adjourned until today.

## PoWs likely to get pay at 1945 rates

By Nicholas Timmins

The Government is expected to announce today that prisoners of war who were deducted pay while in captivity during the Second World War will be paid the money owed to them.

But it appeared last night that the money owed may be paid at their wartime value, without any allowance for inflation.

However, Lord Kimberley, who has raised the issue in the House of Lords, said last night that he believed the men's case had been looked at favourably by the Government, and was "cautiously optimistic" that there would be a favourable outcome.

The money was deducted from officers' pay to allow for the cost of the camp currency, the Germans and the Italians were meant to pay prisoners under the Geneva Convention. Many say, however, that they received little or no camp currency. After the war the cash was paid over to the Treasury.

## Anti-Jewish bomb claims doubted

By a Staff Reporter

Scotland Yard was yesterday considering claims that the neo-Nazi group Column 88 was responsible for the incendiary device sent to Mr. Frank Allaun, Labour MP for Salford East, who is Jewish.

There are suspicions that the calls, to Thames Television and the Daily Mirror, may have been hoaxes. Both calls, in different voices, came shortly after the early evening television news, and many hours after the fire broke out at Mr. Allaun's home.

The caller to Thames Television also spoke of "the bomb tonight", when the package had originally arrived at Mr. Allaun's home on Tuesday and had been

sent to him at the House of Commons.

The caller to the Daily Mirror said there would be no more bombs sent to MPs, "but there will be more to well-known people". He said Column 88 was waging a campaign against Jews.

By yesterday evening, however, no similar packages had appeared.

Dr Jacob Gewirtz, defence secretary of the Board of Deputies of British Jews, said however that he believed the claims to be serious.

He said he thought all members of the Jewish community would be aware of the possibility of receiving a letter bomb, but he warned members of the public with Jewish-sounding names to be alert.

## Medical units cheered by Senate reprieve

By Annabel Ferriman

Health Services Correspondent

Westminster Medical School yesterday welcomed the decision of the London University Senate on Wednesday to allow the school to continue its independent existence.

Members of the hospital's campaign committee said they thought it unlikely that the Senate's decision would be reversed at the University Court meeting next Wednesday.

They also welcomed the assurance given in the House of Commons on Monday by Dr Gerard Vaughan, Minister for Health, that the Government had "never envisaged that this great hospital [Westminster] would close or cease to do acute work."

The future of the medical school was threatened by the report of the Powers committee, which was set up by Lord Horder, a senior member of the House of Lords, to recommend a save money on medical education. It recommended in February that the medical school should close, while the hospital was threatened by the report of the London Health Planning Commission, published at the same time.

The university's joint planning committee recommended that instead of closing, Westminster Medical School should merge with the Guy's Cross Hospital Medical School. But proposals were rejected by the University Senate.

Exmoor ponies being auctioned for slaughter in the ring at Bampton Fair, north Devon, yesterday.

Officials of the Royal Society for the Prevention of Cruelty to Animals, the Ministry of Agriculture, veterinary surgeons and representatives of animal protection societies, watched the sale of 185 ponies. Most of them were auctioned for between £100 and £170, and will end up as horsemeat at the Continental market. They were bought by licensed slaughterhouses.

Only one colt with true Exmoor pedigree was sold.

## PC who lost an arm told he must leave job

By Frances Gibb

The police constable who lost part of his right arm when a bomb exploded in his hand at Cardiff police station, south London, in May has been discharged from his job with the Metropolitan Police.

Police Constable Stephen Hickling, aged 20, who was told of the decision on Tuesday, when he went for a routine medical examination, said yesterday: "I am very bitter. I was assured that I would remain a policeman. It is the only job I know and I think I have been shabbily treated."

PC Hickling, who married his fiancée, Lorraine Copas, aged 24, two weeks ago, had just returned from a three-month tour of duty in the Falkland Islands. He had not been back to work since the bomb blast, in which he also suffered damage to an ear and eye.

Scotland Yard said yesterday: "PC Stephen Hickling has been seen by the chief medical officer and consulting surgeon, and informed that despite great efforts by a team of A&E surgeons, his permanent injury is such that he will not be possible for him to continue as a police officer."

The Commissioner is obliged to accept the advice of his medical advisers, but is anxious that PC Hickling should remain within the framework of the force.

To provide the opportunity for him to remain, he has been offered a position within the Commissioner's civil staff where there is ample career opportunity.

One such opportunity might be a job as dog trainer at the Metropolitan Police dog-training centre at Keston, Kent. But yesterday PC Hickling said he was going to appeal against the discharge.

"I realized that I could probably not go back on the beat. But there are lots of other jobs I could do, like working in the information room at Scotland Yard. I am really choked," he said.

## Two clinics may defy Haughey 'Irish solution'

## Risk of farce in contraceptive laws

From Christopher Thomas

Dublin

Contraceptives will be legally on sale in the Irish Republic for the first time tomorrow, but with restrictions so severe that the exercise is in grave danger of becoming a farce.

The Roman Catholic bishops are maintaining a chorus of moral indignation at the prospect of "unnatural" birth control becoming the norm, and the always acute sensitivity about suspected church pressure on the legislature has once more been aroused.

The most definite thing that can be said about the new Family Planning Act is that it will be flawed. It raises many unanswered questions, moral and practical, and there is unremitting controversy between churchmen, politicians, doctors, pharmacists and the fledgling family planning movement.

Its main ingredient is to curtail the availability of contraceptives, presently obtained with ease through eight voluntary family planning clinics that for several years have been in an ambiguous legal position. The legislation aims to ensure that only married couples get contraceptives by making it legally necessary to obtain a doctor's prescription, that can be dispensed only by a bona fide pharmacist.

That would reduce the role of the family planning clinics to counselling only, where at

present they sell contraceptives freely, or, as some clinics would prefer, they accept a donation in return for the supply of contraceptives.

Miss Dorothy Melvin, speaking for the family planning clinic in Galway, said: "The men who use our services have no intention of going along to a doctor as if they were prize hunters for a licence."

The law provides for a £500 first fine for selling contraceptives illegally and £5,000 or a year in prison on a second offence.

But Miss Ann Connolly, director of the Well Women Clinic in Dublin, said the clinic would continue to sell contraceptives. It has supplies for six months, and would not seek a licence to operate within the terms of the Act. At least one other clinic plans to do the same.

The law stipulates that importers will require a licence, which in theory applies to individuals who answer advertisements for postal deliveries from England. Doctors have different attitudes to the legislation and some will refuse to give prescriptions on religious grounds; the same applies to some pharmacists.

The clinics, according to the Department of Health yesterday, will be free to establish an arrangement with a proper chemist for the supply of contraceptives and reach a financial understanding.

That, however, far from satisfies the clinics, who fear they will be forced out of business if the law is obeyed. That fear has in recent days created the same long queues of people at the clinics waiting to make bulk purchases.

The questions critics of the Act ask include: "Will the Department of Health provide a list of doctors and chemists who are conscientious objectors to the provision of contraceptives, or will individual patients have to establish that for themselves? Will patients have to present a marriage certificate to prove they are not single? Will the doctor's consultation fee be standardized? For what quantity of contraceptives will the doctors give prescriptions?"

Irish couples were forbidden by law to use contraceptives until the celebrated *McGee* case in the Supreme Court in 1973 in which it was decreed that a person was entitled to reasonable access to contraception.

The new legislation is an attempt to curb the wholesale import and sale of contraceptives and is the product of Mr Charles Haughey, the Prime Minister, when he was Minister for Health.

He commented: "It is an Irish solution to an Irish problem."

## Judge suggests parole after three months

The threshold at which prisoners are eligible for parole is being set by Lord Justice Waller, a Court of Appeal judge, said yesterday.

Addressing the annual meeting of the National Association for the Care and Resettlement of Offenders, he pointed out inequalities that could occur under the present system, which a prisoner became eligible for parole after serving a third of his sentence, or 12 months, whichever was the longer. In practice, because there is one-third remission in any event, parole applies only to those serving more than 18 months.

Lord Justice Waller gave the example of two men convicted of a serious crime; one, a ring-leader, got three years' imprisonment, the other, who had played a relatively minor role, was sentenced to 18 months.

The ring-leader gets parole, and they are both released on the same day.

He suggested that release on licence should be available after three months' imprisonment had been served.

## TV actor wins discharge

Earnings by Ian Hendry from the television series *For Madam With Love*, helped to get the actor his immediate discharge from bankruptcy yesterday.

In the 10 months since he was declared bankrupt, Mr Hendry, aged 49, of Heather Gardens, Golders Green, London, had earned £43,385, mostly from the television series. His creditor, the Inland Revenue, will receive £30,000 of it, London Bankruptcy Court was told.

## 'Now' to pay damages for libel on Spanish airline

Cavenham Communications Ltd, publisher of *Now* magazine, yesterday agreed to pay substantial damages and costs to the Spanish airline Spantax in settlement of a High Court libel action.

Spantax had also sued Mr William Norris, who wrote an article in *Now* last May about the 1977 Tenerife air disaster in which 582 people died.

Mr David Eady, for the airline, told Mr Justice Taylor that the article stated: "When a Conqair 880 four-jet airliner owned by the Spanish airline Spantax landed, there was apparently no parking space left, and no one to show the pilot past the next aircraft."

In frustration, he closed down his engines and left the giant aircraft where it was—in

the middle of the taxiway."

The article alleged that was the cause of the crash at Los Rodeos airport.

Mr Eady said that the article alleged that the Spanish investigators were wrong not to have made mention of the "illegal parking by the Spantax airliner."

He said there was no truth in that suggestion. Spantax did not own a Conqair 880.

On the date in question only two aircraft belonging to Spantax landed at Los Rodeos, but they had left well before the accident.

Mr James Price, for the defendants, said they acknowledged that there was no Spantax airliner in the vicinity of the crash. They apologized for the embarrassment caused.

## Revalued green pound urged to cut food bill

British shoppers would soon spend at least £8m a week more than necessary on food, the Consumers' Association said yesterday. It claimed that the European Community's common agricultural policy made British prices excessive.

Dr William Roberts, head of public affairs at the association, called on the Government to revalue the green pound. The rise in sterling meant that the value of the green pound to British farmers was increasing. The result would add £3m to the weekly food bill, he said. "British consumers are being denied just about the only benefit for them of a strong pound."

## Detained men 'not wanted for Bologna blast'

Two Italians held since Wednesday by Scotland Yard were not responsible for the Bologna railway station bomb massacre, although one was wanted for extradition to Italy over alleged terrorist offences, police said yesterday.

The other was being held at Rochester Row for questioning about another offence not connected with terrorism.

Police said on Wednesday night that extradition proceedings were likely, but the two men were not taken to Bow Street magistrates' court as expected yesterday.

"We are awaiting further information from Italy," a police officer said.

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HOME NEWS

# Killing of tubercular badgers by gas is to be resumed

Hugh Clayton, Agriculture Correspondent

The killing of diseased badgers with cyanide gas must be resumed as soon as possible, the Government announced yesterday. It decided to act after receiving a warning that tuberculosis in badgers could spread to humans.

The warning appeared in a report commissioned by Mr. Peter Walker, Minister of Agriculture, Fisheries and Food, from Lord Zuckerman, M.P.R.S., the former chief scientific adviser to the government, who is president of the Zoological Society of London.

"The human risk is enormously important," Lord Zuckerman said at a press conference in London yesterday. "I knew of no case in which a disease had been transferred from a badger to man. But, because it could happen, the creature that gets tuberculosis the way the badger gets it could cross-infect a human."

The government decided yesterday to accept all of his suggestions for limiting the spread of the disease by killing tubercular badgers by gas.

The campaign was suspended a year ago after a report by a wildlife welfare group that the disease had been found in south-west England where the disease has been found in badgers.

The campaign began in 1970 when the Government became convinced that the source of the disease was badgers in cattle.

Last year it was suspended

for Lord Zuckerman to decide whether the campaign was right in claiming that badgers had not been shown to be the source of the disease in cattle.

He said in his report that badgers were definitely the source and defended the staff in the west of England who have been criticized in recent years by animal welfare groups.

"The Ministry scientists are to be commended for having set about their work in the way of all good and experienced scientists," Lord Zuckerman added.

The Government has accepted Lord Zuckerman's plea for staff at the Chemical Defence Establishment at Porton Down, Wiltshire, to investigate better gasing methods. "We should, if possible, discover a better way of disseminating cyanide gas throughout the tunnels and chambers of a set than by blowing in particles of cyanide preparations," as at present.

One in four badgers in some areas in the south-west had the disease. If diseased animals were not eliminated the entire British badger population, hundreds of thousands of animals, could become extinct.

"People who found dead badgers anywhere in the country should tell local ministry staff so that the carcass could be tested for the disease. Lord Zuckerman said he was worried about the keeping of badgers as pets.

Mr. Walker asked farmers not to kill suspected badgers. He said that the ministry would review its policy on badger disease in three years.

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Search for children: West Yorkshire police combing the Caulms Wood area yesterday in their search for the lost babies of a couple who say they gave them away more than 10 years ago (our Leeds Correspondent writes). It is half a mile from the cottage of Mr Harry Frost, aged 34, unemployed labourer,

and his wife, Betty, aged 33, in High Street, Hanging Heaton, Dewsbury, where another police team is continuing to dig. The new search area overlooks Batley, where neighbours say the couple often walked their dog. Forty officers are involved in both searches. The Frosts are being interviewed at Dewsbury police headquarters.

## In brief

### Scottish puma 'not so wild'

Mr Ted Noble, the farmer who captured a puma in the Scottish Highlands, may be the victim of a hoax. Mr Eddie Orbel, director of the Highland Wildlife Park said yesterday. The puma had been out in the wilds for less than a week, was extremely well fed and seemed tame. Mr Orbel said. The big cat "seems accustomed to being in a cage" and had allowed people to scratch its head.

### Crash kills five

Five people, killed when their car was in collision with a lorry on the A483 near Ammanford, South Wales, were named last night as Mr Jeffrey Tucker, aged 45; Mr Gordon Rees, aged 51; Mr John Davies, aged 54; Mr Gilbert Lewis, aged 52; and Mr Herbert Lewis, aged 37; all of Ammanford.

### Coast trains hope

Trains could be running again in the spring over the worm-damaged Barmouth Viaduct on the Cambrian coast line running north from Machynlleth, the Shrewsbury-Aberystwyth line liaison committee was told yesterday.

### Sergeant suspended

Police Sergeant Mick Hayden, who is understood to have refused to enter a house in Stevenage to arrest a man without being armed, has been suspended by Hertfordshire Police pending disciplinary proceedings.

### New attack on play

The Festival of Light has asked the Charity Commissioners to rule whether the National Theatre Board has broken its responsibilities as a charity in staging *The Romans in Britain*.

### Woman dead in park

A mentally handicapped woman aged 23 was found dead in a bush at Alexandra Park, South Harrow, London, yesterday. She had suffered severe injuries.

### Bludgeoning death

A woman aged 22 was found bludgeoned to death yesterday in the room she had rented for only a week in Romford Road, Forest Gate, east London. She was fully clothed.

### Irish pay deal agreed

Employers' leaders in the Irish Republic accepted with reservations last night a national wage plan allowing pay rises totalling 16 per cent over the next 15 months.

### Car blown up

Army bomb experts yesterday blew up a car parked at the Royal Pioneer Corps camp in Northampton. The car was later declared "clean". The owner was traced to Luton.

## Unions sue over freeze on Whitehall pay reports

By Our Labour Staff

Civil Service unions have started legal action against the director of the Pay Research Unit to force the release of the reports which indicate increases due to civil servants and which are being withheld after the Government's decision to suspend the pay comparability system.

Reports from the unit were due to be delivered to the unions and the Government on November 15 and would contain the results of comparisons of Civil Service jobs with similar posts in the private sector. Union leaders believe that they would have shown that in-

creases of between 12 per cent and 20 per cent would be necessary next April to maintain Civil Service pay.

The Government has suspended the pay research system for this year and has said that cash limits will be used to regulate pay increases to 500,000 white-collar civil servants.

Announcing that legal action had been started against Mr Vernon Morgan, the unit's director, Mr William Kendall, secretary general of the Council of Civil Service Unions, said the Pay Research Unit reports would be highly embarrassing to the Government.

## Delayed report will invite politicians into minefield Pressure on team assessing public sector inflation-proofed pensions

By Peter Hennessy

Members of the independent inquiry into the value of inflation-proofed public-sector pensions, established by the Prime Minister in May, met this week with a renewed sense of urgency after pressure from the Government to speed up its work.

In commissioning the five-man team under the chairmanship of Sir Bernard Scott, chairman of Lucas Industries, Mrs Margaret Thatcher said she hoped its investigation would be completed by the end of September.

Public servants covered by the Pensions (Increase) Act, 1971, and the cost of their pensions to the Exchequer.			
Group	Cost of present pension £m	Increase due on Nov 24 £m	New total £m
Armed Forces	426	63	489
Civil Service	480	75	555
Teachers	494	67	561
NHS	269	43	312
Police and fire	175	28	203
Local government	497	75	572
Overseas pensioners	94	16	110
	2435	367	2802

Source: Civil Service Department.

Even with a quickened tempo, its report will not be with the Prime Minister before the end of next month when, as ministers are acutely aware, a rash of headlines and parliamentary questions can be expected to greet the 16.5 per cent increase due to be paid from November 24 to 3,700,000 public servants.

Next month's rise, reflecting movements in the retail price index between November 1978 and November 1979, will add £367m to the £2,435m bill for public-service pensions payable under the 1971 Act to produce a new total of £2,802m.

The Scott inquiry's terms of reference are to judge whether the value of inflation-proofed pensions and job security are taken into account sufficiently in deductions made from pay awards to allow for them. Its relatively dry remit precludes it from pronouncing on the emotive matter of whether such benefits should be available to public employees in an era of high inflation.

One reason for the slippage in the inquiry timetable is that Sir Bernard and his colleagues recognize that matters are not as simple as they sometimes seem from the Conservative backbenches. They realize their report will be an invitation for ministers to step into a political minefield.

As the accompanying table shows, the 1971 Act includes among its beneficiaries not just groups like civil servants and local government employees, for whom there is scant support on

the Government's benches. Removing from them the protection of inflation-proofing would incur minimal political penalties.

Tampering with identical arrangements enjoyed by the armed forces and the police, who have been treated as a special case by the Government for pay purposes, could not be achieved without repercussions. Nor would unhooking the pensions of doctors and nurses, who receive much public sympathy, from the retail price index be a simple task.

Without a shred of advocacy or special pleading the paper presented to the Scott inquiry by Sir John Herbecq, Second Permanent Secretary to the Civil Service Department, makes such difficulties clear.

Once Sir Bernard has reported, the politics of public-service pensions will probably unravel inside the Cabinet's Economy (Civil Service) Committee.

The dilemma ministers will face is whether it would be possible to strip inflation-proofing from civil servants and local government officers while making a special case of soldiers, policemen, nurses, doctors and others enjoying public and parliamentary esteem.

Whitehall expects Sir Bernard to suggest that the Government Actuary should place a higher value on inflation-proofing in advising the Government on the amount of pay sums.



Sir Bernard Scott: Complicated task.

to be docked from settlements to cover it. It is likely, too, that the Scott report will recommend a mechanism for limiting inflation-proofing in years of hyper-inflation.

That might involve a cut-off point of, say, 10 per cent, with Parliament having the final say on whether the Exchequer could afford to top up pensions above that level. In such circumstances, full inflation-proofing might be preserved for the bulk of public-service pensioners who receive small sums.

## Thetto fears refugees' drop English

David Nicholson-Lord, the majority of adult Vietnamese refugees admitted in from Hong Kong, receive adequate English language training once they leave reception camps and move into their homes, according to a new survey of the resettlement programme.

Eliminary results from the survey, which covered more than 1,500 bus people, were entered yesterday in a joint Office committee co-ordinating resettlement.

Thirty per cent of refugees 17 and over were receiving English lessons and a further 10 per cent less than two hours a week. The 15 per cent receiving the 10 hours a week, regarded as the minimum necessary if the refugees were to regress into linguistic isolation.

A Vietnamese were keenly aware of the importance of English. Almost seven tenths of them, not on any training, listed language training as their most essential educational need.

A study, by the Ockenden, one of the three voluntary organizations involved in the admission programme, fears that local authorities, coupled with the Office policy of "dismissing" refugees throughout country, seriously threatens ability to cope by themselves.

Language was the key to integration, yet many being rehoused in rural areas with little previous experience of immigrants.

## Woman PC 'partially stripped'

High jinks aboard a rugby club's carnival float almost resulted in a policewoman being partially stripped, magistrates at Weymouth were told yesterday.

The rugby players, some dressed as American footballers and others as cheerleaders, hoisted Woman Police Constable Anne Pitman, aged 22, onto their float, undid her skirt zip and tried to pull it down in front of thousands of people at Weymouth's annual August carnival.

The behaviour of the four accused Weymouth Rugby Club members and their guest was described as "rude, loud and ungentlemanly", by Mr Patrick Butler, for the prosecution.

The five deny assaulting WPC Pitman in the execution of her duty and damaging her skirt. They also object to being bound over to keep the peace.

They are the club secretary, Stephen Downton, of Cocklands, Charnminster; and players Stuart Bass, aged 20, of Derby Street, Weymouth; Arthur Fisher, aged 29, of Purbeck Lodge, Lower Putton Lane, Chickerell, Weymouth; and Gregory Scholfield, aged 36, of Franchise Street, Weymouth.

The guest was Donald Philpott, aged 23, of Goldcroft Road, Weymouth, who the prosecution alleged "lifted the policewoman off her feet like a honeymoon bride" and handed her up to his friends on the float.

WPC Pitman was shown a photograph taken at the carnival and she admitted she was laughing. "As I was being carried I may have laughed and giggled with embarrassment," she said.

The hearing continues today.

## Police body is to investigate council's hiring policy

A Staff Reporter

Allegations that Westminster Council may have discriminated against blacks by refusing to employ them at council houses, are to be fully investigated by the Commission for Racial Equality, the inquiry, believed to be the first of its kind into the employment practices of a local authority, will also look at the policy of a branch of the National Union of Public Employees (NUPE). The allegations are that the branch has put pressure on the council to employ blacks as

dustmen and that the council may thereby be guilty of racial discrimination.

The union and the council say they will cooperate fully with the investigation. "Discrimination in the manner alleged would never be condoned or supported by the union," NUPE said yesterday.

The council said it had a clearly defined and publicly declared policy of non-discrimination in its employment procedures. The best candidate for a job was appointed, regardless of race, colour, creed, religion or sex.

## West End cheap theatre tickets both approved

Our Theatre Reporter

Booth selling half-price theatre tickets is to be established at Leicester Square with the aim of revitalizing the area's business in the West End of London.

Planning permission for the booth has been given by Westminster Council and the Society of West End Theatre hopes to be operating by Christmas.

The intention is to fill the unused seats left empty in theatres every night. The seats will be made available at half price on the day of a performance, either at the theatre or at the booth, plus a 10p service charge.

A New York booth in Leicester Square offering bargain rates has played an important part in increasing ticket sales on Broadway.

son at school

A fire-raiser set light to Rushmore Road comprehensive school, Cranham, Lincolnshire, on Wednesday night, causing damage estimated at more than £100,000 to classrooms and library.

## More of England's vintners are getting bottled

England's vintners have produced this year twice as many quality wines as last year.

The English Vineyards Association's seal of approval has gone to 16 wines compared with eight last year. But there has been an uneven harvest, with good yields in some areas and disaster in others.

Mr John Ward of the Merrydown Wine Company, who is chairman of the English Vineyards Association, said: "Some people are doing well this year and others very badly. We have

had three meagre summers and still people are not being put off. The industry is growing." While some vineyards have been affected badly, the general rule has been that those further east fared better.

The area under vines in England has grown from 10 acres in 1967 to nearly 900 today.

Each acre can produce six tons of fruit and one ton of fruit can yield 900 bottles of wine. When crops are good, running one of England's 230 vineyards can make sound sense at £2.50 a bottle upwards.

## New kidneys after poison

By Our Medical Correspondent

Two men poisoned by a rare variety of mushroom have had to have kidney transplants, a report in *The Lancet* says today. It adds that the fungus is not listed as dangerous in many books or warning posters.

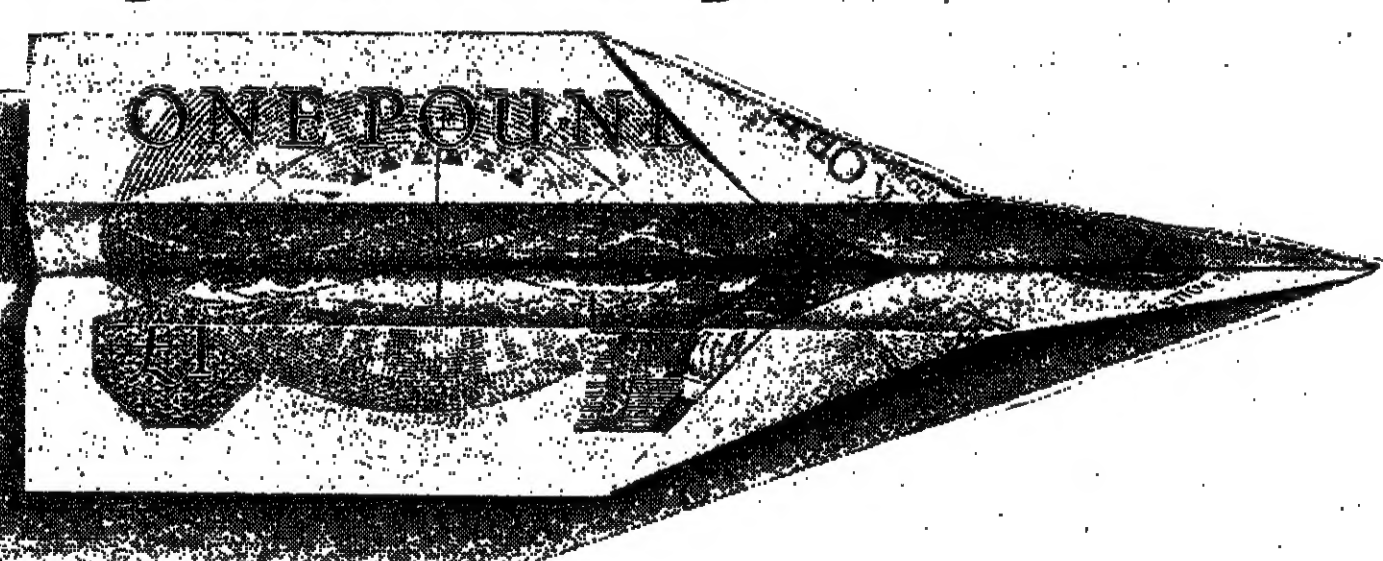
The orange-gilled mushroom, *Cortinarius speciosissimus*, grows in damp pine forests.

Three holidaymakers in northern Scotland in August, 1979,

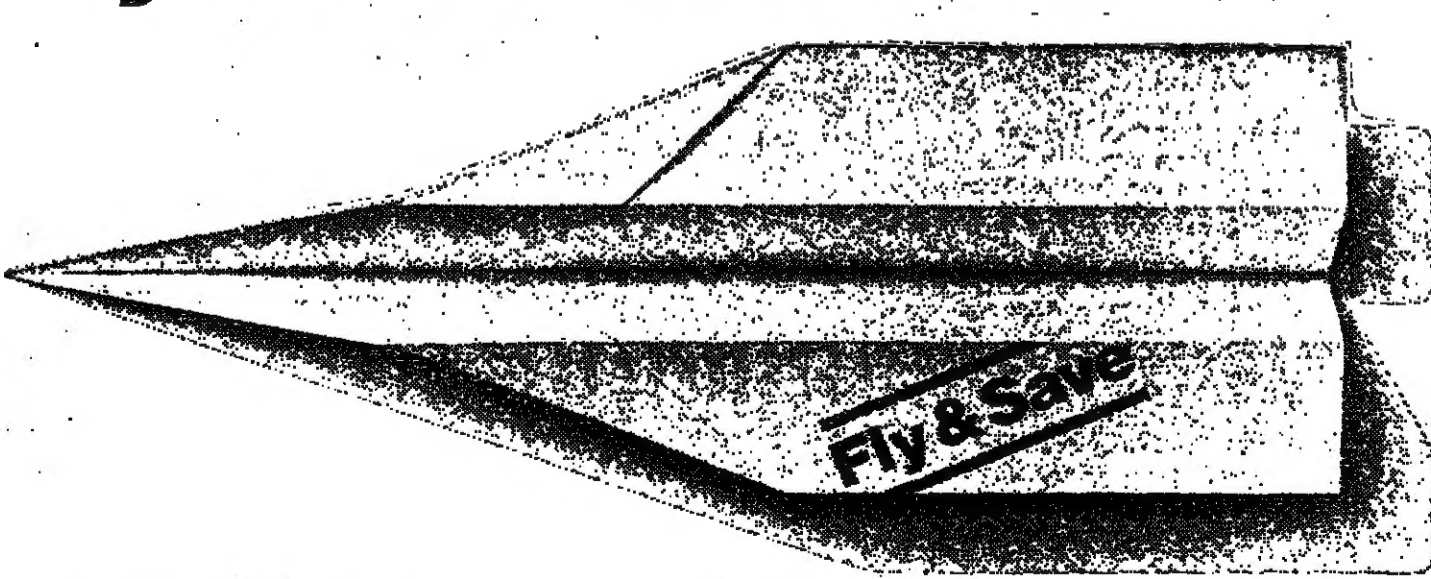
picked some of the mushrooms and ate them in a stew. All began vomiting two days later and after 10 days the men were admitted to the Edinburgh Royal Infirmary with kidney failure.

The third, a woman, aged 25, had a dialysis after eight days and recovered completely. In the men, aged 30 and 31, the kidney failure persisted and after nine months both had transplant operations.

## Fly to Germany



## Fly home almost free!



Lufthansa's new "Fly & Save" fare. Buy a Lufthansa "Fly & Save" return ticket to Germany any time after November 1st and you could save as much as £90.50. That's only £5 more than the regular single fare. So it's almost like getting a free trip home.

To qualify you have to stay in Germany not less than six nights and not more than a month. And you have to travel on one of Lufthansa's direct flights to destinations in Germany. But isn't that a small price to pay when you're paying such a small price?

**Lufthansa**  
German Airlines



## WEST EUROPE

## Court ruling backs EEC parliament's power

From Michael Hornsby  
Brussels, Oct 30

The power of the European Parliament to delay adoption of EEC laws has been greatly reinforced by a judgment handed down yesterday by the European Court of Justice.

In an important ruling that sets a precedent, it nullified a regulation adopted last year by the Council of Ministers because the Council had not waited to hear the Parliament's opinion before putting it in to effect.

The Council, representing the EEC states, had argued that the Parliament had taken too long to give its opinion and that it had no right to intervene in a case before the court. The nine judges found against the Council on both counts.

In their summing-up they said the Council's duty to consult the Parliament was "an essential element of the institutional equilibrium required by the Treaty of Rome". This duty could not be held to have been fulfilled simply by the Council asking the Parliament for its opinion.

Answering the charges of time wasting by the Parliament, the court said the Council had failed to exhaust all the possibilities open to it, such as requesting a special session of the Parliament.

The regulation in question taxed production of iso-glucose, a sugar substitute. It was designed to protect EEC sugar-beet growers.

The case started when a West German manufacturer appealed against the regulation in the Court of Justice. The Parliament also decided to intervene. The court dismissed the West German company's case, but upheld that of the Parliament.

The ruling is likely to encourage it to be more assertive in the future, less willing about taking time giving opinions on laws it disapproves of. Ultimately, the Parliament has no veto power.

Several states in particular France and Britain, have expressed concern about the role involved in consulting the Parliament and see it as a time-consuming constraint on the Council's freedom of action. They are worried that if the Council cannot now act without the Parliament's opinion, even when a request for one has gone without reply for several months, the assembly's powers of delay could amount to a veto where a law would lose much of its effect if not enacted swiftly.

## Italian leader wins confidence vote by realistic approach

From Peter Nichols  
Rome, Oct 30

The new Government led by Signor Arnaldo Forlani received its accolade last night of a vote of confidence from the Senate and can be regarded as afloat, at least in the troubled waters which way one reads the signs around Italy's fortieth postwar government.

Tomorrow the Prime Minister will call the Cabinet together to decide on the economy, the most crucially necessary to meet the threat of inflation and growing unemployment.

From the beginning of this first effort at leading a government, Signor Forlani took the approach of trying to look realistic rather than imaginative. It was a wise course.

He is not personally a particularly colourful personality but he has a reputation for steady, good sense and a certain diffidence to be an essential element of the institutional equilibrium required by the Treaty of Rome. This duty could not be held to have been fulfilled simply by the Council asking the Parliament for its opinion.

Last night in the Senate his warning was, for a man of his cool personality, much more dramatic: he reminded the senators that the edge of the precipice is no comfortable path to be walking along, as the fate of Chile and Turkey had shown.

His more apocalyptic stand last night showed the senatorial two factors totally alien to his hope of a steady but factual approach to the country's problems.

First, his socialist allies attacked the Pope for allegedly interfering in Italian affairs by

his support for a proposed referendum to abolish the country's two-year old law "on abortion". The second was the emergence of a new scandal threatening the Government parties in particular his own Christian Democratic Party.

The scandal concerns alleged tax evasion by oil companies said to amount to the immense sum of 2,000,000 lire (£1,000,000), an operation said to have been carried out with the active connivance of officials who in turn were covered by leading politicians.

In the course of the Senate debate yesterday, Signor Giorgio Napolitano, the far right-wing senator, accused Signor Antonio Bisaglia, the Minister for Industry, of direct involvement in the scandal.

At the same time he accused close associates of Aldo Moro, the murdered former Prime Minister, of having exploited the late leader of the Christian Democrats to make use of money taken from oil importers to buy estates for themselves in north-eastern and central Italy.

Signor Bisaglia immediately denied the charges both publicly and privately.

Signor Flaminio Piccoli, the Christian Democrat Party secretary, rejected the charges against Moro with his statement: "There are those who want him killed a second time".

Tomorrow the Rome Public Prosecutor is expected to question one of Moro's former associates, Signor Saverio Freano, who is alleged to have taken money and to have invested it in landed estates. Friends of Moro said today that Signor Freano had left Moro's staff in 1974.

## Brussels seeks New Year ban on hormones in meat

From Our Own Correspondent  
Brussels, Oct 30

A ban on the use of all hormones in the rearing of cattle, pigs and poultry has been proposed by the European Commission to effect from January 1.

The Commission also says that trade in live animals and fresh meat containing more than a certain quantity of hormone residues should be prohibited.

EEC ministers of agriculture asked for a proposal on these lines last month in response to a public outcry in Italy, France and Belgium over the alleged health hazards, including a higher risk of cancer, associated with the use of sex hormones

to fatten animals before slaughter. Other strict ones, exist in all EEC countries on the use of hormones in meat production, but they are enforced with varying degrees of thoroughness and in some cases "scarcely at all".

The authorities need cooperation which they were clearly not getting into now. They also need to establish the minimum of trust which has been lacking and is still lacking.

Yesterday's announcement by the Poliburo was in fact an appeal for trust as well as a pledge that the Gdansk agreements will be implemented as well as an order in all regional party organizations to speed up the process.

The Poliburo proposed practical measures for the farm of a permanent commission, presumably of government and union representatives to be set up rather than to be assembled ad hoc to settle conflicts.

## France joins Soviet space mission

From Ian Murray  
Paris, Oct 30

In 1956 or thereabouts Harold Godwinson was warned by the astrologers that there were hard times ahead. They had seen a bright light in the sky and that, they told him, meant things could only change for the worse.

As Harold found to his cost, the astrologers were right about the bright light in the sky was emboldened into the Bayeux Tapestry as part of the history of the Norman Conquest. Astrologers have since identified the bright light as being what is now known as Halley's Comet, which is near due to make its regular 75-yearly appearance above Earth in 1986.

French interest in Halley's Comet, which was named after

the British Astronomer Royal from 1720-1742, is now to be renewed. It was agreed today that the Soviet Union would provide the launcher for a joint probe to investigate the famous heavenly body when it next appears.

It could be that French interest in the comet further derives from the fact that Edmund Halley first made a name for himself with the observation which he made from Saint Helena in 1676—about 139 years before it became the retirement home of a Corsican who failed to do what William the Conqueror had done.

In all events the Franco-Soviet probe to find out more about the comet will be something of a trailblazer in space. It will have a double mission:

the first to launch French balloons over Venus—an appropriate planet for romantic France to investigate; and the second to fly through the centre of the comet sometime in February 1986.

The balloons above Venus are to study the atmosphere of the planet. The Halley probe is to try to find out more about the mystery of this phenomenon. The cost to France of joining the experiment will be 150m francs (£15m).

Details of the project have been worked out over the past 10 days at the Soviet space capital of Moscow in the Soviet republic of Astrakhan.

The space partnership between the two countries is already well advanced with the Soviet agreement to take a French cosmonaut into space to work on a satellite space station.

## Official killed hours after new anti-terrorism law

From Richard Wigg  
Madrid, Oct 30

The Spanish parliament passed a new anti-terrorism law last night empowering the security authorities to suspend civil liberties in cases involving people suspected of being terrorists.

The vote was well beyond the required majority required for such a measure, the socialist and communist voting with the government benches.

But only a few hours later terrorist struck again in the Basque country assassinating a second official of Spain's telephone company as he was serving in the bar he owns in San Sebastian.

A similar killing, in Guipuzcoa, last week was accompanied by a warning that they would "punish" telephone tapping with further killings.

The vote in the Cortes was 298 for the new law against two, with eight abstentions—from the Basques. The left-wing parties expressed discomfort at voting the law but said the continuing wave of terrorism in the Basque country made it unavoidable.

People suspected of being linked with terrorist bands can now be held, uncommunicated if required for an extra seven days, depending on a magistrate's decision, beyond the 72 hours maximum under the constitution.

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## French MPs in protest over death penalty

From Our Own Correspondent  
Paris, Oct 30

Deputies opposed to the death penalty rejected the Justice Ministry Budget in the National Assembly. But the vote was token and there is no likelihood of the ministry failing to receive its funds, which include money to maintain the guillotine.

Philippe Maurice was sentenced to death on Tuesday for the murder of a policeman. M. Alain Peyrefitte, the Justice Minister said it was not the time, "when policemen are being shot every day just as rabbits", to propose abolition of the death penalty.

A policeman was seriously wounded last night and in a bank raid in Lyons yesterday a security guard was killed.

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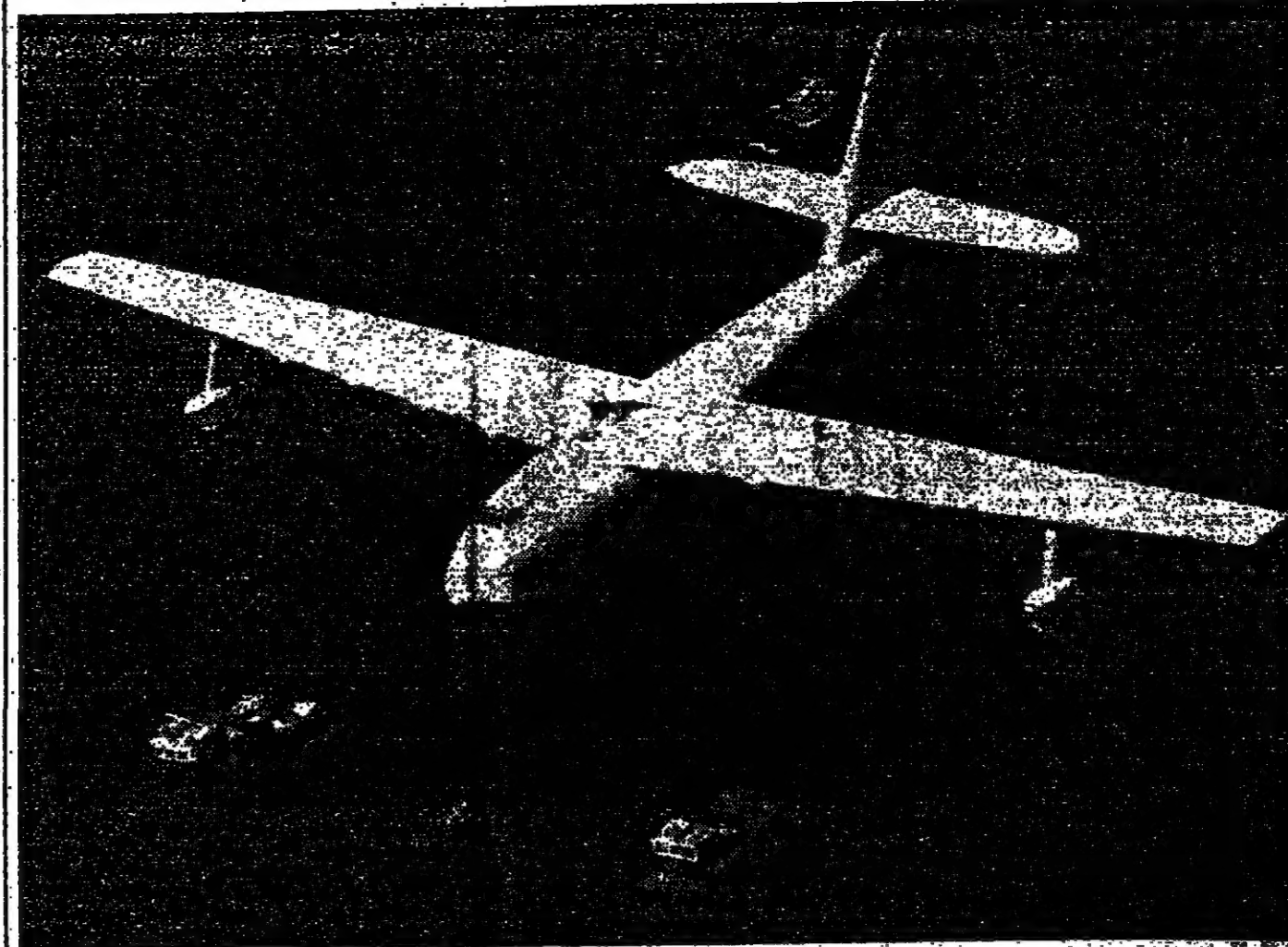
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## OVERSEAS



The Spruce Goose, the giant flying boat built by Howard Hughes, being manoeuvred by tugboats across the harbour at Long Beach, California, where it will go on permanent display.

## Polish party plans for internal alliance

From Daria Trevisan  
Warsaw, Oct 30

On the face of it, the Polish leaders' visit to Moscow does not strike as a last-minute panic decision. It seems more likely that they wished to discuss and explain, and probably argue, their case as they embark on what is a decisive stage at which the party and the unions will have to strike an understanding.

The authorities need cooperation which they were clearly not getting into now. They also need to establish the minimum of trust which has been lacking and is still lacking.

Yesterday's announcement by the Poliburo was in fact an appeal for trust as well as a pledge that the Gdansk agreements will be implemented as well as an order in all regional party organizations to speed up the process.

The Poliburo proposed practical measures for the farm of a permanent commission, presumably of government and union representatives to be set up rather than to be assembled ad hoc to settle conflicts.

There is little room for manoeuvre for both the authorities and the unions. The Polish leaders, therefore, wished to explain their position and clear it with Moscow first.

A commentator said: "Polish-Soviet cooperation is a determining factor for the survival of Poland's current problems". This is stating the obvious, but in a situation where the authorities are deeply mistrusted and cannot put the message across that the country is in grave economic difficulties, it becomes necessary to make the obvious point. Another Polish commentator wrote that Poland today more than ever before.

The union leaders who are due to begin talks with Mr Jozef Piskorski, the Prime Minister, tomorrow have mixed feelings about the Moscow visit but on the whole most of them feel that it was necessary.

Mr Stanislaw Kania, the party leader, had to win support for the Polish stance of accepting independent unions as a price for the newly-emerging internal alliance.

The Czechs and the East Germans are clearly of different minds and yesterday the head of Czechoslovakian trade unions expressed his confidence that in Poland the trade union movement would follow the Leninist path.

The Poles are extremely sensitive to frequent speculation about the likelihood of Soviet interference and the likelihood of Soviet invasion. A high-ranking official of the Polish Foreign Ministry has said that this might increase hostility towards the Soviet Union which makes such speculation extremely dangerous.

But at the same time the Polish authorities profess to be satisfied with the Western official attitude on the whole. The visit of Lord Carrington, the Foreign Secretary, demonstrates Poland's interest in maintaining good relations with the West and in particular with Britain, although Britain is only fourth on Poland's list of foreign trade.

Polish viewpoint: Poland's destiny is a matter for the Poles alone to decide. Lord Carrington, the Foreign Secretary, strongly emphasized on the second day of his visit to Warsaw. In a statement to the press he said the British Government's position was unambiguous, namely that what happens in Poland is a matter for the Poles alone.

He expressed the hope that other governments would take the same view, stressing Britain's general view that a prosperous and peaceful Poland was in the interests of the world.

Lord Carrington said the purpose of his visit was to build on the close ties of friendship which united the two countries from the time of war.

## Gunmen menace polling stations as Jamaicans cast their votes

From Michael Leapman  
Kingston, Jamaica, Oct 30

Guns were still playing a role in the Jamaican election as voters took place today. Mr Michael Manley, the Prime Minister, told a press conference that in a few of the 6,400 polling stations, armed men had tried to take over from the appointed electoral officers or had been demanding to see how people voted.

Other places have been affected by absent election officers and a shortage of ballot boxes. But he said he was satisfied that in most places the election was proceeding smoothly.

A tour of polling stations round Kingston seemed to confirm this. Voting was orderly and cheerful, if slow.

One exception was a station near the city centre where a group of about 200 men, some of whom were carrying guns, had taken over the station and were demanding to see how people voted.

There, snipers fired at each other and at about 50 policemen and soldiers in armoured cars, keeping the two sides apart at a crossroads. Tempers ran high as the police tried to end the confrontation by controlling the flow of voters to ensure that

supporters of the two parties voted separately.

Both leaders have now warned of the possibility of violence after the election. Earlier in the week Mr Edward Seaga, leader of the JLP, said the people might take the law into their own hands if they thought the results had been rigged by Mr Michael Manley's PNP.

In the past we have occupied the streets, locked the shops and called on the people to close down the country," he said.

Today Mr Manley, as he cast his vote near his official residence, said that Mr Seaga was seeking an ally for defeat. "There is no doubt that the JLP have psyched themselves up into an ugly mood."

At his press conference, he accused Mr Seaga of "behaving in a very dishonourable and anti-democratic manner", by complaining about election procedures in whose framing both parties had cooperated.

"We have to be worried whether if they lose, they have other things in mind," Mr Manley said. He had a "great sense of sadness" about the violence which had marred this election and the unfavourable

image it had created of the country internationally. "We are going to have a problem trying to put Humpty Dumpty together again," he said.

Nearly 700 people have been killed in acts of political violence this year, more than 60 of them in a clash fought before polling. Both candidates have been fired upon as they campaigned.

Yesterday, one of Mr Seaga's bodyguards was injured by a sniper. The independence of voters and multiple voting are traditional at Jamaican elections. This year's new enumeration procedure, in which all 990,000 voters have been issued with polling cards, is designed to cut this out.

But the JLP have claimed to have uncovered a PNP plan for bogus voting "on a massive scale".

Britain contributed to making the election fair by giving 2500 worth of assistance. Like those which assisted in this year's Zimbabwe elections. They involve painting the voters' finger with indelible ink visible only under a special high-intensity light. There is one at each of the 6,400 polling stations across the country.

Mr Ecevit quits his post as party chairman

From Our Correspondent  
Ankara, Oct 30

Mr Bulent Ecevit, the leader of the opposition in Turkey before the military takeover in September, today announced that he had resigned as chairman of the Republican People's Party.

Publication of the statement issued by the ruling National Security Council after the takeover, said Ecevit, a former Prime Minister, "attempted to inform public opinion of his resignation by a political statement". Such statements had been forbidden since just after the coup.

Mr Ecevit said that he considered his resignation from the post he has occupied since 1972 to be "the right thing to do". Now, as it has become clear that it was going to be compulsory for him to leave this position.

Eight killed: Turkish security forces killed eight leftist gunmen in a clash in the eastern region, the worst shooting incident of the armed since the coup, military officials reported.

The incident took place at a village near the town of Mardin close to the Syrian frontier in a mainly Kurdish region—Reuters.

## Soviet food shortage made worse by bad weather

Continued from page 1

there are few incentives to cut waste.

The concentration of people in industrial centres has made proper distribution vital, and here the Russians have lagged behind badly. Packaging of fruit and vegetables is primitive. Sometimes farmers cannot even get milk to put together packing cases.

The Soviet rail network is overloaded. Ripe produce waits at stations for transport, and food wagons can be delayed for days in sidings. There are virtually no refrigerated rail cars or lorries, and inadequate cold storage centres. Air transport is prohibitively expensive, and the rural road network often sways in mud.

Supplies are also the result of administrative measures. Khrushchev's tough restrictions on peasants' private plots did untold damage to market gardening from which Russians depend on the private peasant markets for products that cannot be economically grown on huge state farms.

Though the policy is now to give vigorous encouragement to these small plots, many old people fear new restrictions and hesitate to increase their output, while young people now

have little interest in spending their evenings gardening.

In addition, recent attempts to stamp out corruption and bourgeois private enterprise in one of the main fruits of the revolution, Georgia, have sharply cut back the supplies brought to the markets of non-therm Russia.

Poor weather has recently played an important part. Herds had to be slaughtered after the disastrous 1975 harvest and have taken years to rebuild. The lack of meat is especially galling to Russians, who tend to regard it as a yardstick to measure their own prosperity. In the provinces many cows have not seen meat for months on end.

The search for food has become so obsessive that the Government is using the promise of adequate supplies as an effective incentive. Two years short of labour promise better cotton food.

The party with its privileged access to regular supplies in special shops is well aware of the incentive. Two years short of labour promise better cotton food.

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## British companies are mentioned in Nigerian corruption allegations

From Karan Thapar  
Lagos, Oct 30

British corporations have been mentioned in bribery allegations which are part of a factional struggle in Nigeria that has so far resulted in the resignation of Mr Paul Udoogo as Minister for Mines and Power over accusations of corruption.

In the latest move the Government of Mr Alhaji Shehu Shagari has denied on television accusations made in an anonymous letter, purporting to originate from a source in the Nigerian High Commission in London.

The letter, sent some three months ago to the opposition newspaper, *Nigerian Tribune*, as well as to the president's office, alleged that Mr Udoogo while Minister for Special Duties (with specific charge of steel development) had received the sum of £25,000 and £10,000 in his wife's name from a British company and given Mr Udoogo

## Zambia calls for debate on judge home to head court plot trial

From Eric Marsden  
Lusaka, Oct 30

President Kenneth has called Chief Justice Ann Siliyanga to Zambia from London, where he was studying for a PhD in private law. The move is seen as a bid to head off a court plot trial.

The disclosure was made by the President when he spoke on the State House lawn thousands of supporters of the ruling United National Independence Party who had marched through the streets of the capital to show their loyal Democratic support. He also he in other towns.

Dr Kaunda added several embellishments to the story of a coup plot which he had outlined at his press conference on Monday.

He claimed that leaders of the armed forces, who were sent from Zambia, had originally sought Zambian support to overthrow President Mobutu. When this was refused the group was approached by Zambian dissidents who wanted the fight to be their own. The group would help them topple Mobutu.

He said the group at Chilian had taken over a firm which had previously been used by Zambian exiles from Zambia. The group was made up of "12-15-20-30-40-50-60-70-80-90-100-110-120-130-140-150-160-170-180-190-200-210-220-230-240-250-260-270-280-290-300-310-320-330-340-350-360-370-380-390-400-410-420-430-440-450-460-470-480-490-500-510-520-530-540-550-560-570-580-590-600-610-620-630-640-650-660-670-680-690-700-710-720-730-740-750-760-770-780-790-800-810-820-830-840-850-860-870-880-890-900-910-920-930-940-950-960-970-980-990-1000-1010-1020-1030-1040-1050-1060-1070-1080-1090-1100-1110-1120-1130-1140-1150-1160-1170-1180-1190-1200-1210-1220-1230-1240-1250-1260-1270-1280-1290-1300-1310-1320-1330-1340-1350-1360-1370-1380-1390-1400-1410-1420-1430-1440-1450-1460-1470-1480-1490-1500-1510-1520-1530-1540-1550-1560-1570-1580-1590-1600-



The Israeli Government prosecutor countered both arguments and submitted a Supreme Court ruling of 1978 as a precedent to show that deportation was legal.

The court then ruled that it would hear detailed arguments from both sides next week before making a final ruling.















SPORT  
Racing

Rathconrath should find his feet over fences today

By Michael Phillips  
Racing Correspondent

It needs no imagination to picture John Francome enjoying a field day at Sandown Park this afternoon as he strives to consolidate his position as the Champion Jockey under National Hunt rules. Rathconrath (1.0), Rathconrath (2.0) and New King (3.0) look like three winners that Francome should ride for Fred Winter, unless 3.40 could easily be a fourth for Tim Forster.

Rathconrath, my selection for the October Novices' Steeplechase, is arguably the best horse on view today. Four seasons ago he won both the Fallow Pages Hurdle at Kempton Park and the Victor Ludorum Hurdle at Baydon Park and was then unduly not to do better than finish only fourth in the Triumph Hurdle at Cheltenham.

At the start of the following season he looked a live contender for the Champion Hurdle but things began to go wrong and since then he has been plagued with various ailments. As a result he has only once since last season, the autumn of 1977.

However, those legs appear to be back again now, and, equally important, he appears to jump the fences. As a result, he has been back in the schooling grounds where Lambourn has been seen to ride him. I am really looking forward to seeing him in action today and yesterday you don't often hear jockeys

talk like that about a horse who has never run in a steeplechase. But then he also said much the same before he went out to ride Snowdown Boy at Ascot on Wednesday and what happened? They came to grief at the eighth fence. With luck, things will work out better today.

Earlier in the afternoon I will not be surprised if the Prince of Wales's racing colours are carried to victory in the Bourne Steeplechase by Alibhai Handicap Steeplechase by Alibhai before he enjoys a spell out hunting in preparation for a crack at next year's Grand National. Gold Cup. The way that he finished at the end of three miles at Ludlow last Friday suggested that Alibhai would be even more effective over a longer distance and that is precisely what he faces this afternoon when he will be ridden by Richard Linley instead of his enthusiastic owner.

At Wincanton yesterday, Diamond Edge won the Terry Riddle's Chase. The horse, who again his jumping left something to be desired, on occasions, the fences there are not stiff yet the way he went through the last couple of fences would have been trouble elsewhere. Still, his trainer, Paddy Walsh, expressed complete satisfaction with the way Diamond Edge went and said that his horse's objective must be the King George VI Steeplechase at Kempton Park. Richard Linley, who was picked up a 5lb penalty for the Hennessy Cognac Gold Cup



John Francome: should have a field day.

Sparkie's Choice not overburdened

By Michael Seely

Sparkie's Choice can confirm his position as market leader for the Hennessy Cognac Gold Cup by winning the Supermarket Handicap at Wetherby today. His trainer, Neville Crump, first took out a license in 1957 but has only won the Hennessy on one occasion with Sparkie in 1967. Sparkie's Choice has been allotted the 4lb in the first of the season's important long distance handicaps. Success this afternoon would mean a 5lb penalty for this improving seven-year-old. However, the Hennessy often falls victim to the overburdened runner and Sparkie's Choice has the right credentials for this test of endurance.

At Ayr last time out, Sparkie's Choice showed a fine blend of speed and stamina when beating the other runners in the Hennessy. It is by no means impossible that he could achieve the same feat today. His runners in the other races are Calcutti (1.0), Clive (2.0), Flight (2.0), and Frassas (3.30). This is a formidable quartet who possess chances at good as any other runners in their respective races.

At Sandown yesterday another formidable northern jumping stable

showed that it is starting to move into top gear. Last season Tony Dickinson finished second to Eastwick in the trainers table. It was Michael in the new hand at the helm and yesterday he saddled his eighth winner of the new campaign when Redman and Lucky tenham Gold Cup. A good run today would undoubtedly see a crack at the 1980 flat racing season as now slipping away fast through the bottom of the table. There is a strong and confident card on the opening day of Newmarket's final meeting this afternoon. But finding the winners has become something of a lottery because so many horses are losing their form. Michael Jarvis's stable on the other hand, seems to be in the best of health. His three-year-old, Clausus Secundus, could be the one to be on in the Royston Stakes. Although he started at 8 to 1, when beating Sashka at Wetherby, there was a certain amount of confidence behind the crack. Clausus Secundus must have a good chance of following up that success.

Fined for underpayment

"Ginger" McCain, who trained Red Rum to win three Grand Nationals, was fined £250 by the disciplinary committee of the Jockey Club in London yesterday for the underpayment of stable staff.

In the first action of its kind brought by the Jockey Club, the committee considered evidence from Stephens, Simon, and 20 other stable hands who claimed that they were paid less than the nationally agreed minimum wage

Newmarket programme

112021	Penall's Joe	CD, N. Hayes	5-10-0	Pinpoint
112022	Penall's Joe	CD, N. Hayes	5-10-0	Pinpoint
112023	Wally Jerry	(D) M. Hayes	5-10-0	M. Hayes
112024	Wally Jerry	(D) M. Hayes	5-10-0	M. Hayes
112025	Wally Jerry	(D) M. Hayes	5-10-0	M. Hayes
112026	Wally Jerry	(D) M. Hayes	5-10-0	M. Hayes
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112028	Wally Jerry	(D) M. Hayes	5-10-0	M. Hayes
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112041	Wally Jerry	(D) M. Hayes	5-10-0	M. Hayes
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112043	Wally Jerry	(D) M. Hayes	5-10-0	M. Hayes
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Geoffrey Smith

# Being there already is more than half the election battle

One of the questions at issue in next Tuesday's Presidential election is whether it is much of an advantage to be incumbent. According to conventional wisdom, a sitting President of the United States is always re-elected whenever he offers himself. It was because President Roosevelt was re-elected so often that a constitutional amendment was passed to make it impossible for any President after Mr. Truman to serve more than two full terms. But President Ford was defeated in 1976, and if Mr. Carter loses now it will be widely believed that the convention is dead.

If Mr. Carter does win, however, one of the principal reasons will be that he is the incumbent. In that case it will have been a good year for incumbents. Mr. Fraser held on to office in Australia a fortnight ago against the evidence of the polls. So did Herr Schmidt in West Germany earlier this month, though in that case it was not a surprise.

President Giscard d'Estaing seems certain to be given another term of office in France next spring. One might almost include Mr. Trudeau's victory in Canada nine months ago in the same category, even though he defeated a sitting government. Mr. Joe Clark's Conservatives had been in office for no more than 10 months, so the Canadian electorate was turning once again to the leader who had been Prime Minister since 1968.

There is not, of course, a new universal law of western politics that the sitting government must always triumph. Otherwise Mrs. Thatcher would not now be in Downing Street. But it is notable that so many incumbents should be successful at a time of economic difficulty with a deepening international recession. Both unemployment and inflation have been causing serious anxiety in the United States. The Germans are worried that their gross national product

alternation of parties in office, so that nobody has a monopoly of power? There are a number of answers to this anxiety. The first is that there is no chance of such a transformation of attitudes that incumbents will be sure of victory throughout the western democracies. Even if Mr. Carter wins next week, and who now would wish to risk much money on either candidate?—all this will mean is that incumbency still confers a useful advantage. It will help to confirm the other evidence that those in office can retain a good electoral chance even when the economic going is rough.

Equally, it is a fallacy to assume that all main parties must have a turn in office for a country to earn its democratic credentials. It is true that a party is more likely to form a responsible opposition if its leading members have personal experience of the burdens of government—but that does not

follow automatically, as Labour is in the process of demonstrating in this country at the moment. Conversely, it is unhealthy if one party remains in office for so long that it and others take its power for granted.

What matters, though, is not that sitting governments should regularly be turned out, but that they should remain consciously aware of the possibility. It is the arrogance of power that corrodes a democracy, not the frequent exchange of power that justifies it. So it follows that the quality of democracy depends as much upon what happens between elections as upon election results themselves. The right to choose every few years of competing groups is the less desirable to govern the country for the next term is essential to democracy. But it is not enough. Government also needs to be responsive to the people while it governs.

There are two ways of securing the balance of power between the executive and the legislature. One is by direct democracy: in other words, by frequent use of the referendum. This is the custom in some western countries, and a convention is beginning to develop in Britain that it is appropriate for dealing with constitutional issues of great importance. There would be much resistance to using the referendum for anything more than that because direct democracy on policy questions means that decisions of great complexity are given to a mass electorate, which cannot possibly have mastered the subtleties.

## Why 'One Nation' is still worth reading

Thirty years ago the General Election of 1950 did not quite usher in the first post-war Conservative Government, that had to wait another year, but it did usher in a legendary set of new entrants into the ranks of Conservative MPs. This tranche of Tory talent was dominated by a number of young men in their thirties, who were to play a most significant part in the fortunes of the Conservative Party for a generation.



Thirty years ago saw the arrival of a new intake of Tory MPs whose influence was to be far-reaching. Three of them are pictured above: Mr Edward Heath, Mr Angus Maude and Mr Enoch Powell

Some of those new entrants, like Mr. John Macleod, are dead; Mr. C. J. M. Alport and Mr. Robert Carr have gone to the House of Lords; Mr. Angus Maude is a member of today's Cabinet, while Mr. Edward Heath and Mr. Enoch Powell continue to be major presences in the Chamber of the House of Commons.

Like all new MPs, these and others talked in groups. Talk that must have been all the more exciting with the constant chance of attacking a dying Government, with the scent of another General Election and the defeat of the Socialists in the air: it is probably always easier to be a new backbencher in opposition. Again, like new MPs before and since, some of them formed a dining club, the better to provide the ambience in which to discuss the new dawn. Such dining clubs are often ephemeral and they are always regarded with some disquiet by the party hierarchy.

Some of the 1950 intake dined together, later on taking as their formal collective title "One Nation". Disraeli's enduring concept. That club had a life of its own, unlike many others, and very quickly. Over the years it has become a good number of the present Cabinet and Government were among its members in their pre-ministerial days.

Such gatherings were not just restricted to talk: they wrote, too, and very quickly. Over the summer of 1950 these six young luminaries together with Mr. Richard Fort, Mr. Gilbert Long-

den and Mr. John Rodgers produced what was to be a most influential little book of 95 pages. Its title, chosen a week before going to press, was *One Nation*. It was popular and quickly reprinted.

Their focus of concern was social policy, and how to establish a genuinely conservative view of it as the wartime consensus on these issues which had produced universal secondary education and eventually our National Health and Social Security Systems came increasingly under scrutiny.

In those austere times they spent long conversations by candlelight in the House of Commons. "We have a generations work ahead... Socialists pay lip service to the need for priorities: in practice they have lacked both courage to enforce them and the administrative ability to make the Services work. Just as there must be priorities within each Social Service, so there must be priorities between the Services. We believe that Housing is the first of the Social Services and Education is the second. Our economic position and the greatly increased expenditure on defence make it more—not less—necessary to scrutinize the Social Services, and to root out inefficiency and waste: more not less necessary to see that every penny is wisely spent, and that those in the greatest need are helped first."

These words have a clear and contemporary ring to them. I do not know exactly who wrote them, for *One Nation* was written collectively. With its 13 short chapters ranging over everything from "Population Policy" to "A Social Policy for the Countryside" the latter irreverently entitled in its first draft "More Morris Dancing and Higher Rates". It was a cooperative work. Yes, it suffers from remarkably few of the faults

usually associated with the genre. This is a tribute to those two MPs who we do know edited it: Mr. John Macleod was one. Our economic position and the greatly increased expenditure on defence make it more—not less—necessary to scrutinize the Social Services, and to root out inefficiency and waste: more not less necessary to see that every penny is wisely spent, and that those in the greatest need are helped first."

That it was so well received is not surprising, considering the joint authors, some of whom had cut their political teeth in that bureau of Conservative Ideas, the Research Department under the chairmanship of R. A. Butler. The *Times* described it as "important" and a "coherently argued elucidation".

Reading *One Nation* 30 years after, it seems exceedingly fresh to reading. This is not just because of the way in which it is written. While a few of the problems exercising its authors have been, if not solved, at least ameliorated, most have a familiar ring today.

It is essentially a practical, policy-formulating book. Yet it is not a dry, technical treatise. It is written in a style that is both clear and engaging, and it remains today, what one of its joint authors, Mr. Angus Maude, called "a 100-page book that is a real gem".

For most of the rest of the chapters however, the contents are all too familiar. On public expenditure: "The level of Government expenditure is already too high for normal times" (page 91). On taxation: "...the future well-being of every citizen is already being endangered by the economic effects of redistribution" (page 8). On education: "We deplore the present tendency to drag down the higher classes to the level of the dull ones" (page 46). And on health: "How to reconcile the insistent need for economy with an efficient and progressive service? The Socialists have no proposals to offer. At least in the past this has been the case. In the present, in question, the principle of a free comprehensive service is politically dangerous" (page 52).

## What it costs to remember

Next Wednesday, whether celebrating the detection of Guy Fawkes, honouring the late earnings of some ancient festival, or simply making the party go with bang, tens of thousands of people across Britain will light the blue touch paper, send back, and watch £14m or thereabouts go to blazes.

Recession or no, the fireworks manufacturers are already in a sell-out. The wholesale and retail trade. They estimate that 100 million fireworks will go up in smoke by November 5, with millions of people enjoying the perils and pleasures of bonfire night.

The British Pyrotechnic Association, the manufacturers' guild, raised the stakes earlier this week in its proposed revision of the rules that would limit the use of fireworks to licensed holders only: an organized group of people who buy fireworks, the estimated £1m a year, the manufacturers say, and the population of over the counter sale try to make their own.

The National Campaign for Fireworks Reform has believed that argument that the future lies in the night moving out of the garden and into the playground—a trend already being, with £2m of sales estimated to be played rather than being banned.

## The secrets of Palmyra, past and present

Palmyra, North of Damascus the road to Palmyra passes through a flat landscape of dusty rock-strewn scrubland, relieved only by the occasional palm tree. The road is a straight line, a straight line of dusty rock-strewn scrubland, relieved only by the occasional palm tree. The road is a straight line, a straight line of dusty rock-strewn scrubland, relieved only by the occasional palm tree.

Palmyra itself is a welcome oasis in this barren setting. It is a small town, a small town of dusty rock-strewn scrubland, relieved only by the occasional palm tree. It is a small town, a small town of dusty rock-strewn scrubland, relieved only by the occasional palm tree.

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## "Art Nouveau?" I asked. "Audemars Piguet," she returned, smiling.

Graceful arabesques of gold embraced the flawless face. The miraculously thin case was edged in gold tracery.

She took the watch from my hand and put it on, and she finely decorated bracelet encircling her slender wrist as lightly as a silk ribbon.

There was, perhaps, an echo of the romantic movement in its design, but its slim shape was strictly 1980's.

In all, another timeless classic by Audemars Piguet.

"And you wear it," I teased, "merely to tell the time?"

She arched her eyebrows.

"Just as you use the Lalique 'rose', she countered, "merely to hold flowers."

**Audemars Piguet**

Illustrated brochure and a list of appointed jewellers is available from Audemars Piguet, 72 Saffron Hill, London EC3N 8RS.

## MOSCOW DIARY

Tourists to the Soviet Union tend to have an enjoyable time but go home with an indefinable sense of dissatisfaction. They feel somehow they have been fooled, that they have seen only the surface of things. Were they misinformed or simply naive? Were all the things they read back home exaggerations, cold-war myths? Or was the guide a little too smooth-talking, too pat with her answers?

There is no helpful reply. Even those who have lived in the Soviet Union for almost a generation never really understand this country. It is aptly symbolized by those painted wooden dolls you find in any souvenir shop: you open one and there is another inside. Inside that there is a smaller one, and then another and another. When you are confident you know how Russians think and react that is the time to beware, for you can be mightily deceived.

So tourist impressions are not altogether false. What you find impressive may not be what you expect, but it is not necessarily just a charade set up by the tourist industry to empty your pockets of hard currency while filling you with friendly sentiments.

Still, there are certain things that immediately strike visitors. I have just received a letter from an observant tourist who came here with his family in August.

They noticed "the grabbers of the apartment blocks, the streets and even the people (all very reminiscent of our own post-war period): gross consumer insensitivity everywhere; a colossal difference between the principal cities and the villages, where mud, wells and shacks appear to be the dominant features; the assumption by the police of complex wisdom without ever needing to listen or to learn—eg the images of Lenin are always of him telling, decreeing or instructing, never listening."

But on the other hand they found public transport remarkably cheap and frequent, the public places refreshingly free of graffiti, vandalism, litter and bootlegging. Public entertainment—the circus, folk concerts and the ballet—was excellent.

The only really phoney thing we found was the factory visit, which was one big lie."

As with most tourists, they spent some time wondering whether they were followed. It is a natural worry—the image of the Soviet Union as a country of street-corner informers, KGB agents and suspicious officials is deeply ingrained in the West, and with good reason.

But as the Russians themselves candidly point out, it is impossible to follow every tourist. It is also unnecessary. There is little first-time visitors speaking to a Russian could go on his own—apart from selling his jeans. The paranoia and xenophobia that characterized Stalin's rule have given way to more sophistication and maturity even within the KGB. Those who seem likely to cause trouble will be kept under discreet observation. And almost anyone who comes here with the

intention of contacting dissidents is known to the authorities before he sets foot in the country.

Almost every tourist itinerary includes a visit to the ever present monuments of the Second World War—the great patriotic war as it is known here—are inescapable. The Russian conflict with the German people have ever known, costing 20 million lives, is burned into the memories of every Russian village. And until only a few years ago the radio-run contact programmes for people looking for long-lost relatives.

War films are on television every week, and the sufferings and heroism are commemorated in enormous and impressive monuments, such as the towering figure of Mother Russia at Volgograd, formerly Stalingrad, or the ruined fortress at Brest that held out for a month when the Germans were already well on the way to Moscow.

Villages, burnt down with their inhabitants, have been symbolically recreated as memorials. The eternal flame burns in every town, sometimes guarded by children in their pioneer uniforms, and it has become customary for newlyweds to lay their wedding flowers there and have photographs taken.

Of course, genuine emotions, faithfully passed on to the younger generation, have been exploited so that patriotism can be identified with the party and the regime. And Russians see the conflict almost exclusively as the war in Murmansk there is barely a

mention of the allied convoys. But tourists will find that every dinner has a toast to peace, every speaker, genuinely, hopes for "an end to war".

Tourist notice things Russians have long ceased to see—slogans especially. Visitors find welcome relief from advertisement hoardings (though these are now beginning to disappear) and Soviet and West European goods and commercial slogans.

But they are the only people who peer at the ubiquitous red

and white banners proclaiming "forward to communism" "glory to the Communist Party of the Soviet Union". "We shall fulfil the decisions of the 25th Party Congress" recently amended to "we shall fulfil the 26th Party Congress with unstinting work".

Slogans have become so ritualistic, as have the November and May Day Parades in Red Square, that Russians pay little attention and are almost embarrassed if you quiz them about the significance.

It is the same story in museums and monuments that fill the tourist timetable. These are always thronged with people of all ages admiring their heritage. But it is the revolutionary era that enthralles the galleries devoted to socialist realism or the shrines to worthy revolutionaries are almost deserted. The appetite for propaganda has sickened and died. Only tourists now buy folders of old propaganda posters to rack up on their walls back home.

Perhaps the biggest surprise is how large, varied, and un-disciplined the country seems to be. The map indicates its size, but it is still surprising to find you can fly east from Moscow for 10 hours on a four-engine jet, arrive eight time zones ahead, and still be in the same country.

And one unfortunate effect of the West referring always to "Russia" rather than the Soviet Union, is that people from other countries, Georgians, Estonians, Latvians and Ukrainians

with their own languages, traditions, religious outlooks are by no means the same as the Russians. It is 15 different countries together.

The outward trappings of the same, the trappings whose arms constantly, the wires, the police, the obligatory puppet theatre, these two towns are as different as Edinburgh and Tunis far apart.

And while the West, image of people, organized, cowed and full, tourists complain in chaos, lackadaisical drunkenness and general regard of a thousand regulations. This may be big if you are trying things into a tight fit. But it is fruitless to go far better to laugh at the face of the local fatalists. Tourists go home with tales of restaurant praise for the West, guides and their imitations in a way of life that westerners unfathomable most important observation, that the Russians are human. Newspapers you for the moonlight, the ideological conflict, the "Soviet threat" have a chance to see a—fl only superficial warm-hearted, ancient and cultured people.

Michael



battle



## MEDITERRANEAN ROYAL TOUR

It may be imagined without disloyalty that the royal visits of relief from getting home yesterday from the latest round of state visits were even more heart-felt than they must usually be at such moments. For once, not even the contrast between Mediterranean sunshine and English weather can have dampened the pleasure of homecoming on such a rare autumn day. The tour has been a successful one, but it has not been smooth. It is not necessary to overstate the share played in this by the unpredictable impulses of King Hassan's hospitality. The first state visit paid by a British Sovereign to the Holy See, the state visit to Italy, while it was without a government, the visit to Sicily, where three local citizens chosen to meet the royal party had recently been murdered, and the state visit to Algeria less than a month after the violent earthquake there, would by themselves have posed exceptional problems of diplomacy, tact and nerve.

The visit to the Vatican was not the Queen's first. She was received by Pius XII while on holiday in Italy in 1951, before her accession, and she made an official visit to John XXIII in 1962. The age-old hostility arising from the breach made in 1534, about long ago, and such residual suspicions as remain are not of a kind that can be dispelled by the exchange of

formal courtesies between heads of state. Nevertheless, the event touches deep sentiments about faith and national identity. Though formally an encounter between mutually acknowledged equals, in the temporal sphere, the meeting must also be seen in the context of the spirit of reconciliation which now prevails in the Christian churches.

Most royal visits within western Europe and the Commonwealth have gained the character by now of courtesy calls to keep established relationships in repair. Even if the territory visited is new, the interest and good will already exist. The visits which venture out to unfamiliar ground, like those to recent years to Yugoslavia, South America and Arabia, may not be more significant in the long run, but they are apt to be more unpredictable, and tend to carry a greater weight of influence on the immediate relations between the nations concerned.

The countries of the Maghreb were in some ways even more of an untried venture than Saudi Arabia, where diplomatic and trading links with Britain are well-established and relatively stable. The implications of the visits to the former French clients, Algeria, Tunisia and Morocco (Libya being a significant omission), were more complex. Morocco's costly and opportunistic attempt to annex

the Western Sahara means that it and Algeria exist in a state of undeclared war: the Queen's flight between the two capitals, where no scheduled flights run, was an event of some symbolic importance between those nations themselves, Britain quite apart. It must be hoped that the visit may have effects of reconciliation to excuse the things she had to say to King Hassan about his deserving the sympathy and support of us all in his "formidable difficulties".

No Sovereign is on oath while making speeches on a state visit. Reports of disorganized arrangements in Morocco suggest that there was more than a little royal tact behind statements that the Queen was "perfectly content" with her reception. The Palace must in any case have been prepared for the possibility that the schedule might run less smoothly in Morocco than it usually does elsewhere. Tact and patience ensured that the tour was successfully accomplished. The value of such visits is never to be counted only in diplomatic and trading contexts: the wider goodwill that they can create is at least as important. Once again, the Queen's popular reception on this tour, not only in Italy—that might have been expected—but also in countries whose ties with Britain are tenuous, shows the remarkable appeal that she possesses, through her personality as much as through her office.

## CONFUSION IN THE ARAB RANKS

Disputes among Arab states are nothing new. Even their common view of Israel never prevented quarrels. Now the war between Iran and Iraq has put greater strains than ever on what is left of Arab brotherhood. Iraqis believe their cause is an Arab cause and that other Arab nations should back them. Jordan and some others agree but most Arabs are ambivalent and some openly hostile to Iraq. Syria is particularly hostile. Old rivalries between factions of the Baath party have now been exacerbated by the war. President Assad of Syria professes to find President Saddam Hussein's ambition to lead the Arab world alternately amusing and dangerous. The two leaders are not on speaking terms, and President Hussein is officially described in Damascus as a "fascist".

Behind the war of words is a conflict of loyalties between the Arab cause and pan-Islamic nationalism. Colonel Gaddafi of Libya brought this into the open with his attack on King Khalid of Saudi Arabia, who has since shaken off diplomatic relations. Responsible Arab leaders, including King Hussein of Jordan, want regional states to solve regional problems themselves and keep the superpowers out. This is a worthy aim, but it is

not likely to be achieved while Arab heads of state are not on speaking terms. Jordan's attempt to bring together an Arab summit on November 25 is still far from success. A preparatory meeting in Amman has just broken up after less than twenty-four hours. The fact that the war was kept off the agenda at Syria's insistence was said to have hastened agreement, but the idea of a summit without discussion of the war seems somewhat pointless. On the other hand there is no sign of their agreeing to come together to discuss it.

The West can take no comfort from this disarray. Perhaps it will gain the Americans better access to the Gulf. Perhaps Saudi Arabia will now become more inclined to grant the Americans a military presence of some kind. But the Soviet Union has also strengthened its position by signing a treaty of friendship with Syria, which gives it, among other things, naval facilities at the Syrian port of Latakia. The danger of the two superpowers being drawn into confrontation in a far-east Arab world is therefore increased.

## NO REPRIEVE FOR BADGERS

Objections to the gassing of badgers as a means of preventing, or at least curtailing, the spread of bovine tuberculosis in cattle are based rather more on notion than on scientific evidence. Badgers are most attractive and appealing creatures, and television has seen to it that millions have never seen the elusive animals in real life. They have been entertained by their antics under an infra-red night-vision. No-one who has admired a badger in the wild can condemn even the partial extermination of his brethren with any more than a shrug. Moreover, badgers do very little visible harm—bearing young shoots is a limit of their destructive powers—and they occasionally perform the useful function of eating insects, young mice and other pests.

Unfortunately for their winners, a significant proportion of the badger population, perhaps as much as one in five in the South West of England, harbours tuberculosis. The main task of Lord Zuckerman, as a result of whose report the Minister of Agriculture has now taken the decision to resume the gassing of sets, was to investigate the link between tubercular badgers and the spread of the disease among cattle.

His unambiguous conclusion accuses the badger of being a significant reservoir of bovine tuberculosis. There is evidence that since the last programme of gassing was abandoned a year ago, the disease has spread, particularly in areas with a high density of both badgers and cattle, mainly the South West. Moreover, transmission of the disease occurred not only between badgers and cattle, but between different groups of badgers. Indeed, tuberculosis is now a considerable threat to the badger's own survival, quite apart from the danger to cattle.

There can be no fear that culling to the degree envisaged will threaten the species with potential extinction. The present badger population of the United Kingdom is certainly well over 100,000 and may be as much as half a million. It is perhaps showing a tendency to decline, because of the encroachment on the countryside by urban environments to which badgers have not been able to adapt, but protection measures, and the peculiarly conducive conditions they have found for themselves in some parts of the country, have limited that trend. But the numbers which would be involved in any gassing operation would not have any dramatic effect on the population. Death by tuberculosis would be a far greater horror for the badgers and a far greater hazard to their continuing survival.

## ak on defence cuts

an Vice-Admiral Sir Ian McGeech

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## The cost of flying

From Mr A. J. Lucking

## Effects of public spending cuts

From Professor Sir Bryan Hopkin and Professor Wynne Godley

Sir, As the economy moves into ever deepening recession, the Government is proposing to make further large cuts in public expenditure. Such cuts are not merely necessary; they will make the present very serious prospect even worse. The three arguments by which the Government may be motivated all seem to us wrong.

1 More fiscal deflation (it may be said) is necessary so that interest rates can be lowered, to the benefit of industry which has so far had to shoulder the main burden of the fight against inflation. But in reality British industry will not obtain a net benefit from further cuts in public spending. Such cuts will further reduce demand and output and if they enable monetary targets to be met this will largely be because industry, in extreme depression, will not wish or need to borrow so much from the banks even at lower rates of interest. There are no grounds for supposing that cuts in public expenditure will bring the exchange rate down, indeed it seems more likely that such action will cause the exchange rate to appreciate.

2 Cuts must be made because of a prospective rise in public borrowing which is inconsistent with the published medium term financial plan. But the rise in public borrowing is a direct consequence of the recession which is reducing tax and other receipts and increasing spending, particularly on unemployment benefits. A determination to reduce the budget deficit defined as the crude difference between public spending and receipts is therefore tantamount to a determination to force a depression which is already very strong; it is to remove the economy's "automatic stabilizers".

3 With output so low we cannot afford present levels of public expenditure. But the fact that public spending is rising as a proportion of GNP is not evidence that we cannot "afford" it; the GNP is only low because of the policy-induced recession.

## LETTERS TO THE EDITOR

From Mr A. Latham-Koenig

Sir, While in agreement with the general tenor of your leader on the exchange rate (October 25), I dispute your statement that "the direct cause of the high sterling exchange rate is the level of interest rates that has been deliberately engineered by the Government in order to validate its monetary policy".

While high interest rates are undoubtedly an important marginal influence, the fundamental factors pushing up the sterling exchange rate are Britain's possession of North Sea oil in a period of rising oil prices which makes sterling a petrodollar, and a strong current account position enhanced by favourable capital movements. Thus, in 1979 and in the first quarter of 1980, about 30 per cent of the United Kingdom's exports were to the United States, more than double the percentage that went to the United States.

As long as overseas confidence in the Government's ability to pursue its present economic policy prevails and oil prices remain high, it would take a sharp recovery in the dollar to depress significantly the present high value of the pound.

Yours truly,  
A. L. KOENIG,  
11 Bigwood Road, NW11.

## Amending Canada's constitution

From Mr Jonathan Aitken, MP for Tynes East (Conservative)

Sir, As a British Member of Parliament of Canadian descent, I have been following the controversy over the proposed amending of the Constitution of Canada with mounting incredulity.

The present scenario suggests that within the next three months the Westminster Parliament will be asked by the Federal Government of Canada to enact what is in effect the framework for a new Canadian Constitution.

British MPs will rub their eyes with astonishment when they read the 59 clauses of the proposed Constitutional Bill which Mr Trudeau intends to lay before Westminster. This goes far beyond a mere "partition" of the British North America Act 1867. It is a substantive new legislation, not only redefining the potential relationships between federal and provincial governments in a manner minimal to most of the latter, but also creating a new Bill of Rights for Canada. Some of the 30 clauses in this part of the legislation impinge on highly sensitive areas, such as minority language rights, where there is strong disagreement.

Having created this minefield of foreign constitutional controversy, Prime Minister Trudeau now wants British MPs to walk silently into the division lobbies in support of it. Some provincial leaders, on the other hand, hope that the Westminster Parliament will do the mantle of a reactivated colonial empire and adjudicate on every difficult point. Already intense lobbying is going on behind the scenes to achieve just this result. One Agent General representing Canada in London told me yesterday that he had recruited

## over 30 sympathetic British MPs to his cause.

Those of us who visited Canada on a Commonwealth parliamentary delegation last summer know that there are many other interested parties, from Indian chiefs to provincial premiers, who have plans to come to Westminster to put their case. All this activity envisages the prospect of interminable late nights in the House of Commons next session, with devolution-style debates on a sovereign state's constitutional arrangements. Under normal conditions such a spectacle would surely look humiliating for Canada and unseemly for British MPs. Yet however extraordinary it sounds, it is as well to recognize at this early stage that Mr Trudeau's unilateral decision to export Canada's constitutional crisis to Westminster is likely to create this impossible situation.

Is there a way out? Much the best solution is of course for the federal and provincial governments of Canada to go back to the drawing board and produce an agreed amending formula to accompany the patriation of the British North America Act. Under such conditions, Canada's legislative requests would surely be granted "on the spot" by the United Kingdom Parliament.

But if such agreement is really impossible, then by far the most attractive option is the one suggested by Professor Bernard Crumley in his letter to you (October 28). Westminster should refrain from taking sides in the Canadian constitutional quarrel by refusing to act upon the Federal Government's present legislative proposals. That way, we uphold our residual duty to remain impartial; we avoid a "no-confidence" fiasco on the floor of the House of Commons; and we politely remind the Canadian Government that as a sovereign state, Canada has all the necessary powers for its constitution making at home.

Yours faithfully,  
JONATHAN AITKEN,  
House of Commons, SW1.

## The case of Lady Barnett

From Professor Robert Buglass

Sir, Your correspondent Mr J. J. Smyth, QC (October 27), has added a note of realism to the comments which have been made following the sad case of Lady Barnett. May I add some further observations as a psychiatrist who has a special interest in such problems?

Although some stores have a policy of allowing suspected shoplifters to the police many others deal with the elderly, some children, and the obviously mentally ill with remarkable sympathy. In a study of 392 apprehended shoplifters by my colleague, the late Mrs Norah Wilkins, only 45.6 per cent were charged with an offence.

In addition, police frequently use their discretion in deciding whether or not to pursue a complaint further. Ultimately, it is found that only a minority of those convicted (some five or six per cent) have significant mental disorders, sufficient either to affect their criminal responsibility or lead to treatment or a supervision order by the court.

## Stuart graves in Europe

From Mr T. M. H. Scott

Sir, The generosity of H M the Queen towards the Stuart graves in St Peter's, referred to rather coyly by Mr Ian Munro (October 25), maintained an even more continuous tradition than he described.

George IV in 1824 had a monument erected to the memory of St Germain-en-Laye, near Paris, where he died. Queen Victoria subsequently paid for the decoration of the adjacent chapel.

Yours faithfully,  
T. M. H. SCOTT,  
236 Banstead Road,  
Banstead,  
Surrey.

## Easing the way to death

From Dr Richard Lamerton

Sir, Once again one is obliged to turn aside from caring for patients to take time to defend their lives from the plans of the euthanasia lobby.

## Heart-warming

From Lieutenant-Colonel J. F. W. Wilsey

Sir, We remember that your correspondent in the Crimea Peninsula was kind enough to supply all members of our Regiment (the 39th of Foot) with winter underwear at a time of crisis during that campaign.

## CND marches back

From the General Secretary of the Campaign for Nuclear Disarmament

Sir, Your editorial "CND marches back" (October 28), welcome acknowledgment of public concern is, nevertheless, a little more than a contrast between unilateral disarmament activity and multilateral negotiation. The division is a false and dangerous one. Both multilateral negotiations and unilateral action, the latter varying according to the military circumstances of each country, are recognised in the Final Document of the United Nations Special Session on Disarmament of 1978 and both are clearly complementary.

It would be a tragedy if the disarmament movements, and CND is only one of them, allowed themselves to be deflected from their purpose by either the realisation of SAL-2 or by a shelter nuclear weapon agreement though such possibilities, welcome in themselves, must appear remote at the moment. Indeed it will not have escaped your notice that we, probably the most likely first victims of a nuclear war, are the party to neither but of negotiations.

The target is not arms control, but genuine world disarmament. Yet instead we hear from our Government silly phrases about negotiating from strength which are both meaningless in a world of massive superpower overkill and a perfect formula for an arms race without rational end.

## Costs of litigation

From Mr A. R. Hodder

Sir, I have just completed on behalf of a client a very simple County Court action the financial outcome of which is instructive.

The action concerned a claim for possession of a small flat in the London area. My client, who I have done work on his behalf for which, upon any realistic basis, I must make a charge of at least £280 (including disbursements and VAT), was the defendant. The claimant, a tenant amounting to £175. Five days before the date fixed for the hearing of the action the defendant paid in respect of costs. At the hearing, although the judge made an order for costs against the defendant, he declined to impose any sanction in respect of the non-payment of those costs in accordance with his order.

Costs which the defendant was ordered to pay were allowed by the court at the sum of £89.73 and it has been necessary to make three appearances at court in relation to the enforcement of that order. In addition to the attendance at the original hearing and upon the taxation of our bill of costs. Payment of the costs was eventually made as a result of a garnishee summons issued against the defendant's bank. Court fees totalling

## Quiet, please

From Mrs Charles Nunneley

Sir, In London, a hundred years ago, there used to be spread outside a house where people were sick or dying, a thick layer of straw. This served two purposes: firstly, it muffled the sound of carriage wheels and horses' hooves on the cobbled streets, and secondly it reminded passers-by of a need to be quiet as they went past.

## Job training schemes

From Mr Peter Elfer

Sir, 180,000 youngsters to get job training? (The Times, October 27). Training for what jobs? Many of those who are being trained are untrained ones. With these policies it would be a waste of money if the training were for unemployment than non-existent jobs.

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RGF BORG O...  
Minister who led...  
to independence

# Bryant

Industrial  
Construction  
021 704 5111

## Stock Markets

FT Ind 4922.8 down 0.4  
FT 75.29 down 0.02

## Storing

52,485 up 30 pts  
Index 79.0 unchanged

## Dollar

Index 85.2 up 0.3  
DM 1.898 up 127 pts

## Gold

647.50 down \$1

## Money

3 month sterling 16 1/4-16 1/2  
3 month Euro \$ 15 1/4-14 1/2  
6 month Euro \$ 14 1/4-14 1/2

## IN BRIEF

## UK offers 75,000 tons of oil to Greece

Britain has agreed to deliver Greece 75,000 tons of North Sea oil, without waiting for a reply to the British offer of an energy deal centred on a nuclear power station costing £150m.

This is the first commitment of a quantity of oil that has been the subject in the British energy package that neither Margaret Thatcher, the Prime Minister, nor Mr John Gummer, the Secretary for Trade, has agreed to sell to the Greeks during their recent visits to him.

Because of the war with Iran, the UK has failed to deliver to Greece some 800,000 tons of oil, the balance of a larger contract for 1980.

In this context, the British offer to sell to the Greeks the first commitment of oil from the North Sea, is welcome.

## Prices for undersea cables reach £100m

Prices for undersea telecommunications cable systems have over £100m were announced yesterday by Standard Telephones & Cables, the ITI subsidiary, bringing the company's total of such orders in the last 12 months to over £100m.

## Petroleum exploration

British Petroleum and the Asian Government are expected to sign an agreement for oil exploration in the Persian Gulf, bordering Afghanistan and Iran. BP's investment over eight years is expected to be about \$55m (\$25m).

## Oil prices steady

The latest EEC Commission bulletin says the cost of oil stood at 153 per cent of the December 31, 1979 level. Free-market consumer prices for major oil products sold in the Community were 95 per cent higher than at the end of 1979.

## 6.6m fire losses

The estimate for fire damage to Great Britain for September 1980 was £6.6m. Four fires each cost more than £100,000, and a total of 17 are estimated to have cost more than £250,000. The highest loss was £930,000, the cost of a fire in a warehouse in London.

## Seven foods merger

Seven Food Products and Wall's Cream are to merge and form a new company Birds Eye. The new company will have 40 per cent of the frozen food market and Wall's 10 per cent.

## Paton lower

Paton's share price has fallen to its lowest level since 1978, as a result of exchange movements, higher interest charges and reduced margins. The share price fell from £10.10 to £8.75. The interim dividend is 2p.

## Waiti stake

Kuwait Investment Bank has acquired a 10 per cent stake in Assurance, bringing its interest to 5.005 per cent.

## W Germany and UK in wrangle over quotas for steel tubes

From Peter Norman, Luxembourg, Oct 30

The prolonged struggle to introduce a system of compulsory production limits for the European steel industry ran into further trouble tonight because of an unexpected wrangle between Britain and West Germany over the rules that should apply to steel produced as a raw material for tubes.

Whereas Britain left the meeting convinced that only steel destined for wide diameter tube production should be exempted from production quotas, it emerged today that Germany believes that steel made as a raw material for any sort of tube should be produced free of constraint.

This idea, which in British eyes amounts to a severe circumvention of the planned quota system, was condemned at a further meeting of the industry ministers today by Mr Adam Butler, the British Minister of State for Industry.

It was, however, enthusiastically supported by Dr Otto Lambrecht, the German economic minister, who has been battling for the past three and a half weeks to have steel production in the EEC subject to as few limitations as possible.

At one point early in the meeting German delegation sources were claiming that British insistence on a narrow definition of the tube issue would force Dr. Lambrecht to leave the meeting to seek further guidance at next Wednesday's session of the cabinet in Bonn.

Before today's meeting began Mr Butler made clear that he would only make concessions on proposed steel quotas if they led to a final agreement on the scheme today.

Referring to the problem of special steels on which agreement could not be reached last Saturday because of German insistence that they should be exempted from production quotas, Mr Butler said that he had taken a strong line at the last meeting and intended to

## UDS to close 100 menswear shops

By Peter Hill, Industrial Editor

A merger of two of the best known menswear chains, John Collier and Alexander, was announced yesterday. It will lead to the closure of more than 100 shops and the loss of about 500 jobs.

United Drapery Stores, the parent company, announced that the Alexander name would disappear but the John Collier name would continue.

The menswear operation will in future be known as John Collier Menswear instead of UDS Tailoring. In Scotland the Claude Alexander name will disappear and be replaced by John Collier.

The Union of Shop, Distributive and Allied Workers, the main trade union involved

last night expressed its concern at the decision. Union leaders will have talks with UDS management next week.

Mr Stuart Lyons, UDS managing director, said last night that the closing of 25 per cent of the menswear shops was not a direct result of the current trading recession—which has hit the retail clothing industry, especially men's and women's clothing—but part of a rationalization programme begun several years ago.

In the first half of the current financial year UDS profits fell by £3m from £10.04m to £7.05m, with almost £3m of the fall accounted for by the slump in sales of men's and women's clothing.

The menswear operation recorded a trading loss of £1m against a £500,000 profit in the corresponding period of last year.

Under the changes now planned about 25 of the shops affected will continue in business under the names of other UDS retail outlets and the rest will close.

UDS said that the rationalization of the menswear operation formed a part of its long-term strategy which had involved reshaping the group's manufacturing operations.

Ten years ago UDS operated 13 factories making ready-to-wear clothes for its retail outlets. Since the beginning of this year that has been reduced to one factory, at Hartlepool, employing 800.

## Technology role for minister is confirmed

By Kenneth Owen, Technology Editor

The Department of Industry has announced that Mr Adam Butler, the Minister of State for Industry, will now have responsibility for information technology.

The department said: "Sir Keith Joseph, the Secretary of State for Industry, has decided upon a reallocation of ministerial responsibility within the department to provide a single focus for all work on information technology. Mr Adam Butler, Minister of State, will undertake this role."

Work on information technology has been shared between the two departmental ministers of state, Mr Butler and Lord Trenchard. Mr Butler was responsible for British telecommunications and for the projected legislation to liberalize the existing telecommunications monopoly.

Lord Trenchard had responsibility for computer hardware and software, capital electronics equipment, consumer electronics and office automation. These responsibilities will now be transferred to Mr Butler's administration.

The change was foreshadowed last month in a report by the government's Advisory Council for Applied Research and Development (ACARD) which recommended that "one minister and government department should be responsible for coordination of government policies and actions on the electronic and development of information technology and its applications."

Sir Keith has decided that responsibility for the usage of microelectronics is to remain with Lord Trenchard. The ACARD view was that information technology was "perhaps the most important area of application of microelectronics."

In exchange for relinquishing the other elements of information technology, Lord Trenchard is to take over responsibility for British Land from Mr Butler. He will advise Sir Keith on the BL corporate plan which has recently been submitted to the department.

The world market for information technology products is estimated to be about £50,000m, growing at 10 per cent a year. ACARD sees a significant British presence in this market as essential for future industrial success, because it would provide many new jobs to replace those in declining industries.

Getting the message across page 17

## US indicator points to recovery

From Frank Vogl, US Economics Correspondent

Washington, Oct 30

The composite index of leading indicators—an important guide to future American economic trends—rose by 2.4 per cent in September, after a 1.7 per cent advance in August.

It has increased in each of the past four months, and the trend for the half year is similar to the one in 1975 when it pointed to sustained, although sluggish, recovery from recession. The index stands at 133.6 (1967=100).

The Department of Commerce noted that only two of the 10 components of the index registered declines in September, these being orders for plant and equipment and the money supply in constant 1972 dollars. The main reason for

the index advance was the rise in manufacturing employment.

The New York Conference Board added support to the recovery trend suggested by the composite index by announcing that its help-wanted advertising index rose by 5 per cent in September to mark the largest monthly gain this year.

This is a useful yardstick in measuring labour demand and it now stands at 122 (1967=100), compared to levels of 154 in January and 167 one year ago.

A Conference Board survey of senior financial executives in large American companies found little optimism of substantial recovery. Real gross national product in 1981 was seen as rising by no more than 1.3 per cent. Slight moderation in inflation to a GNP deflator level of 9.2 per cent was forecast.

The executives also suggested that the prime rate will fall to 11.3 per cent by the end of the year and average 10.76 per cent next year. They said the Dow Jones average—now at around 930—was likely to end 1980 at 956, average 987 in 1981 and 1,054 in 1982.

Concern about the sustainability of the recovery has been voiced by some economists who have been studying inflation. Research, in a new report, predicted today that the severe summer drought will lead to gains of 15 per cent in consumer food prices in 1981, compared to increases this year of 8 per cent.

Citigroup economists now believe that the fourth quarter economic growth, as indicated by today's composite index data, will be stronger than had been widely anticipated earlier.

## Coal stocks highest for six years

By Peter Hill, Industrial Editor

Coal stocks are at their highest level in six years. This reflects the reduced level of demand from the Central Electricity Generating Board and the steep fall in demand from the steel industry.

Department of Energy statistics published last night showed that the CEGB is now holding stocks of coal at its power stations totalling nearly 19 million tonnes, the highest level for two years, while total stocks at the end of September amounted to 35.1 million tonnes.

The levels of stocks moved up by 2.2 million tonnes between August and September, with about half of the increase accounted for by a build up at power stations, with most of the balance accounted for by a build up of undistributed stocks held at collieries and open cast sites.

The NCB expects to sell about 6 million tonnes of coal in the first 1981 quarter likely to range between £18,000m and £22,000m.

This latest estimate does not assume a tax cut that Congress may enact and which would increase borrowing requirements.

Mr Carswell said that the treasury was continuing with its three-pronged approach of raising cash through short-term Treasury bills, medium-term notes and bond sales.

Next week the treasury will offer \$3,750m of 31-year notes, \$2,250m of 10-year notes and \$2,000m of 30-year bonds.

The treasury and the United States Budget Office released estimates of the budget deficit for the 1980 fiscal year which ended on September 30. Unemployment in the last couple of months was lower than forecast and that resulted in the deficit coming in \$2,000m below the estimate made by the White House in July. The deficit for the last fiscal year was \$59,000m.

United States Treasury tax receipts in the last fiscal year totalled \$520,000m, while government spending amounted to \$579,000m.

## Wall Street drops by 11 points in busy trading

From Frank Vogl, Washington, Oct 30

A leading Wall Street expert has predicted that the prime lending rates of the main American banks will reach 15.5 per cent by the end of the year.

Mr John Paulus, an economist at Goldman Sachs and Company, made the forecast as the bank raised its prime rate from 14 to 14.5 per cent. He said he expected the prime to peak at 15.5 and then move lower.

One source of pressure in the capital and money markets in coming weeks will be government borrowing. Mr Robert Carls, Deputy Secretary of the Treasury, said that the treasury intended to maintain a consistent and regular financing pattern rather than chop and change strategies in line with market developments.

Maintaining a regular schedule would add to confidence while any other strategy would simply add to the substantial volatility already evident in the markets.

Mr Carls announced that total estimated net borrowing for the fiscal year would be \$25,300m (£10,300m) in the holding in Giltspur, the industrial services operation, following a £22m offer from Transport Development Group.

Mr Joseph could make £5m from this deal if the big goes through, although the Giltspur board has so far rejected the offer. Grand Met recently withdrew its offer for Coral after its referral to the Monopolies Commission.

Meanwhile, Mr Joseph's other hotel group, Norfolk Capital, of which he is also chairman, has seen a strong upward price movement recently, rising from 35p to 44p and providing speculation that a takeover bid may also be on the way for it. Mr Joseph owns 3.7 million of the 19 million shares.

Last year Norfolk made pre-tax profits of £94,000 on £8.6m turnover. Earlier this month it sold its subsidiary, Bristol and West Hotel for £1m to M. P. Kent to reduce borrowings and raise funds for capital expenditure.

## Prediction of still higher prime rates by year-end

From Frank Vogl, Washington, Oct 30

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## Unions walk out of textile talks

From Michael Hornsby, Brussels, Oct 30

Representatives of textile and clothing workers throughout the EEC walked out of a meeting with the European Commission today in disgust at what they felt was lack of concern about the threat to the industry from cheap imports.

Before going into the meeting, Mr Alec Smith, chairman of the IUC's textile, clothing, and footwear industries committee, accused the Commission of being "either deliberately complacent or downright incompetent." Afterwards, he reduced the charge to one of "deliberate complacency."

Mr Smith said textile workers might have no choice but to make a "dramatic gesture" such as seeking support from transport and dock workers throughout the EEC for a blockade of cheap textile imports.

What especially annoyed Mr Smith and his colleagues was the status of officials sent to talk to them. The official who chaired the meeting had been in Brussels for only a few months and confessed he knew little about the textile industry.

The textile unions were concerned at the failure of the international General Agreement on Tariffs and Trade's multi-fibre arrangement to reduce cheap imports and are anxious that the Commission should open negotiations soon on tougher measures to succeed the arrangement when it expires at the end of next year.

British textile unions said they complained the Commission more than a year ago about the dumping of Roman-



Mr Alec Smith: European Commission "deliberately complacent."

## Mr Maxwell Joseph sells 10 pc of Grand Met shares

By Rosemary Unsworth

Mr Maxwell Joseph, the chairman of Grand Metropolitan, has sold 10 per cent of his 6 million shares in the hotel and brewing group. His personal holding amounted to just over 1 per cent of Grand Met's equity capital.

Mr Stanley Grinstead, managing director of Grand Met, has sold 50,000 of his 116,000 shares, raising £83,000, which he said would be used for his personal financial and tax liabilities.

Mr Joseph, who made about £2m from the disposal of his 640,000 shares, is believed to be using the funds to reduce his bank borrowings. Grand Met's results are due in January and the closed season for directors' dealings under the Stock Exchange's guidelines, starts in about two weeks.

Earlier this week it emerged that Mr Joseph would also be willing to sell his 23 per cent

## Halfway stage in SE inquiry

By Our Financial Staff

The Stock Exchange confirmed last night that its disciplinary committee had finished the second of a four-stage investigation concerning Mr Keith Cartpole, senior dealer with Henderson Crosthwaite, stockbroker. A confidential hearing relates to certain dealing matters which took place some time ago.

Stock Exchange inquiries fall into four stages. The first is a committee of inquiry which determines whether there is a case to answer. It then moves to the SE's disciplinary committee after which the lawyer to the committee produces their findings and a judgment.

The subject of the inquiry then has seven days in which to lodge an appeal which would be heard by the Appeals Committee. The procedure finally moves to the full Council of the Stock Exchange for decision.

## PRICE CHANGES

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Gold Fields	1p to 31p
Gold Fields	1p to 31p
Gold Fields	1p to 31p

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## THE POUND

Bank	1p to 31p
Bank	1p to 31p
Bank	1p to 31p
Bank	1p to 31p
Bank	1p to 31p

## BL workers vote for strike over 6.8pc offer

Continued from page 1

workers, led to speculation that if they decide to accept the offer, the other plants will be forced to stop production.

Shop stewards at both have said that they will accept the offer, but that they are not sure that the extent of the offer is what they need. They are in their plants could force them to change their minds.

Among the major plants which voted against a strike were Rover and Land Rover at Solihull, two Rover feeder plants in Birmingham, and Jaguar Coventry and its Castle Bromwich body plant.

Mr Hawley, who leads the union side of BL Cars' joint negotiating committee said: "The voting at the major plants is a complete rejection of the company's offer and clearly shows the great resentment felt by our members."

Yesterday's meeting of 10,000 Longbridge workers was a personal triumph for Mr Jack Adams, who replaced Mr Derek Robinson as convener and chairman of the unofficial combined shop stewards' committee after the company's dismissal of Mr Robinson in February.

Mr Adams said that since last autumn BL workers had lost purchasing power worth £26 a week. He accused the management of pursuing a

"The paltry offer of 6.8 per cent coming after 5 per cent for each of the previous two years has poisoned the relationship between the shop floor and management which made such progress in recent months."

He said that even at this stage the unions hoped that management would come back with a better offer. "Nobody wants a strike at BL."

Yesterday's pay message from BL workers at Longbridge.



"public showpiece policy" resulting from Government pressure. The Metro was a magnificent car, made possible by workers' cooperation, and their effort deserved something better than an insulting wage offer.

## Societies looking for a two point cut in MLR

By Margaret Stone

Minimum lending rate would have to drop at least two percentage points before building societies could contemplate a reduction in their interest rates, Sir Oliver Chesterton, chairman of the Woolwich Equitable Building Society, said yesterday.

Sir Oliver pointed out that even after a cut in MLR had been made, there would be a wait of one or two months before building societies brought their rates down.

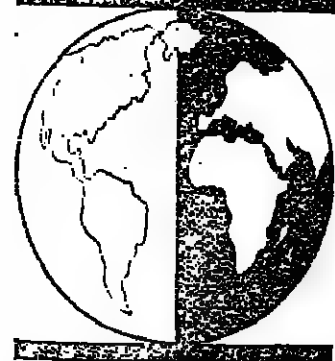
On the other hand, Sir Oliver had more optimistic views about the housing market. He said it was likely to show signs of recovery within the next six months and advised prospective buyers to bring their purchase dates forward.

Evidence of returning activity in the housing market is most noticeable not in house prices, which are not showing much change at the moment, but in the slight lengthening of mortgage queues. In parts of the South-east, where the Woolwich is a big lender, six-week queues

are now increasing to eight or 10 weeks. Sir Oliver, who is eligible to buy the Government's index-linked "granny bonds" and who was not going to buy a new house which goes on sale on November 17 because he believed inflation would eat down the value, acknowledged that others would, although he felt that the impact on society "is likely to be short, if sweet."

He gave warning, however, that any further extension of the Government's "National Savings" media "will natural have the effect of forcing a rise in the retail price which we have to pay, and therefore have charge, for money."





## Mission pushes UK trade in Zimbabwe

Mr Kenneth Purnell, leader of a 20 man trade mission from Birmingham has been championing British industry this week during a visit to Zimbabwe.

He said the message he wanted to put was that Britain could deliver the goods. "One of the effects of the recession back home has been the streamlining of the workforce, which now allows us to give firm delivery dates, and companies intend sticking to them," he said.

He added: "Furthermore, productivity is rising while inflation is coming down. More and more factories in Britain large and small are going over to new and more automated plant machinery."

Mr Purnell said there were too many prophets of doom among the international press who were painting a distorted picture of the Zimbabwean economy, as they had done of the British economy. "Their emphasis always seemed to be what was going wrong instead of looking at positive developments."

### Record car exports

Japanese motor vehicle exports in September rose 10.2 per cent to 51,699 from 46,840 in August and 29.4 per cent from 399,086 a year earlier, the Japan Automobile Manufacturers Association said in Tokyo. The September total, a record for the month, comprised 24,675 passenger cars, 163,708 trucks and 5,794 buses.

### True price of coal

Prices paid for Australian coal should more accurately reflect its true international value as an oil alternative, Mr Jim Kirle, Esso Australia chairman and managing director said in Melbourne. He told a conference on investment opportunities that coal prices were mainly based on a cost-plus calculation.

### Finns halt TV tubes

Finland will stop making television colour tubes at the end of the year after losses of more than \$100m (about £40m) in three years of manufacturing. It began in cooperation with Hitachi, according to a statement by the nationally owned subsidiary Finntube.

### Price rise steadies

Hongkong's "A" and "B" consumer price indices rose 0.6 per cent in September, the same as in August, according to the Department of Statistics. The September "A" index stood at 165 against August's 164, while the "B" index stood at 164 against last month's 163.

### Early retirement plan

At Automobiles Peugeot SA is expected to plan a trade union on November 3, calling for voluntary early retirement of 2,500 of its 65,000 workers, a union source said in Paris. The plan is being discussed by the union's central works committee, but it is not yet decided.

### Sanctions talks call

Mr Masayoshi Ito, the Japanese foreign minister, has called for consultations between Japan, the United States and the European Community on the future of their economic sanctions imposed against the Soviet Union. He spoke after the two sides had said 500,000 tonnes of grain-based animal feed had been shipped to the Soviet Union.

### ederal bank backed

The West German Federal bank should maintain present monetary and foreign exchange policies aimed at stability, the German Wholesale and Retail Trade Association said in a statement from Bonn. The association disagrees with the main report of the five leading German economic institutes, issued earlier this week.

### viss expansion

The Swiss National Bank will probably set a target for expansion of the monetary base again in 1981, Mr Fritz Leutenstorfer, the bank's president said in Bern. A target would not diverge from that of about 4 per cent set for this year, he added.

### lian production

Manufacturing output in Italy during the past three months in 1980 will fall about 4.8 per cent over the same period last year, Confindustria, the national industry association, said in Rome. This, in real terms, reflects an expected fall in business activity during the quarter.

### lian steel project

The Indian Government announced in New Delhi that it has set up a high level inter-Indian group to negotiate a collaboration for building a steel plant in the eastern part of Orissa. Some British West German companies expressed interest in the project.

## Collaboration with Canadians denied as UK industry faces cutbacks

# Finns discount newsprint price fears

Leaders of Finland's paper industry have refused suggestions that British printing unions, that the continued run-down of newsprint production in the United Kingdom would allow foreign suppliers jointly to force up prices.

Equally strong views are held in Finland, however, that some British newspapers could afford to pay more for their newsprint and that price rises will be sought next year to cover the rapidly increasing costs of Finnish mills.

Mr Carl-Christen Rosenbrotter, vice-chairman of the board of Finpap, the sales association for 18 Finnish paper companies, said it was association policy that the Finns would not collaborate with the Canadians—who traditionally have set the pace in Britain—on prices.

It has been alleged in the past that during their annual meetings Nordic and Canadian papermakers have come to agreement on future pricing policies. Mr Rosenbrotter said that this was not the case: such action would be against Nordic American anti-cartel regulations.

Finpap, the world's largest paper exporter, is itself currently involved in an investigation by the European Commission into the sales methods of the Nordic newsprint producers. Officials in Brussels are studying the manufacturers' present system of channelling EEC sales through

national agencies and thereby maintaining a common pricing policy. A concern has arisen in Britain after the decision by Bowater to cut 1,600 jobs and close its big newsprint operation in Ellesmere Port, Cheshire, which has an annual capacity of 180,000 tonnes, and the decision by Reed Paper & Board to shed 700 workers at Aylesford, Kent, and close a newsprint machine with a capacity of 45,000 tonnes. The cuts will reduce newsprint production in the United Kingdom by more than 64 per cent.

Mr Rosenbrotter said: "I don't think the Bowater closure will in itself have any impact on price levels." The Scandinavians and North Americans had been by far the major suppliers to Britain for many years and would continue to be so. Prices paid by British newspapers were lower than anywhere in Europe, and surely this would not be the case if we had collaborated with the Canadians."

In a document published earlier this month, the British printing trade union, the Society of Graphical and Allied Trades (Sogat) said that closures by Bowater and Reed would leave newspapers wholly dependent upon foreign suppliers "who will then combine to force up prices". The balance of payments would suffer and newspapers would become more vulnerable to the effects of dock strikes or shipping problems.

Because of a longstanding and Canadian-justified currency agreement in British contracts for imported newsprint, the paper, which is priced in dollars, is being sold to newspapers in the United Kingdom at what amounts to a substantial discount. The current price for the standard 43.3 grammes grade, charged by all the importers is the equivalent of £270 per tonne at the agreed exchange rate of \$2.15. But the strength of sterling means that the actual price paid by newspapers is about £231.

Mr Rosenbrotter said that, like Bowater and Reed, the Finns were facing much higher energy and wood costs than the Canadians and the currency adjustment created insolvency that was uncontrollable by both suppliers and users.

"Clearly some British newspapers have been doing well and easily could pay more. Others obviously would be unable to afford more. But the pressure from energy costs will not lessen and there will be a growing need to recover cost increases."

Last year Finland exported 738,000 tonnes of paper to the United Kingdom, its biggest single market. Of that total, 374,000 tonnes was newsprint and it amounted to more than a third of newspapers' requirements.

Edward Townsend in Helsinki

## Aid to textile industry competition urged in place of protection

By Patricia Tisdall Managing Correspondent

Government policies would be better directed if they helped clothing manufacturers to become more competitive instead of protecting them against imports, according to a report by the Consumers' Association published yesterday. At the very least there should be some form of "voluntary" export controls before tighter import controls are introduced.

A swift retaliation describing the report as "misguided and highly selective", came from Mr Alec Smith, the general secretary of the National Union of Tailors and Garment Workers. "Instead of dithering rather poorly at windmills, the Consumers' Association would be better advised to investigate why many of the 25 million shirts imported from Hong Kong are sold at an average landed price of less than £1.70 ended up in the shops selling at as much as £10. Such imports destroy jobs in Britain, fleece the consumer and are of little benefit to the export of British goods overseas," he said.

Mr Ian MacArthur, director of the British Textile Confederation, said that the objective of the industry was seeking to renew the Multi Fibre Arrangement must be set in a wider context.

Speaking to the Irish Textiles Federation, he asked the United States, Canada, South Africa and Australia to accept more imports. "We have now reached a point where the EEC can no longer go it alone in accepting ever increasing imports in a declining market."

British textile producers are also pleading for an easing of imports from the United States which they say are based on a weak dollar and unfair energy prices.

"We must impress on our American friends that if there is no response by way of a voluntary trading understanding, it will be necessary for the community to use every power it has under the Multi Fibre Arrangement and the General Agreement on Tariffs and

Trade to contain this new and growing threat to the orderly conduct of international trade in textiles and clothing."

The Consumers' Association says that protection against imports would at best merely delay inevitable job shedding in the British clothing industry and could result in jobs being lost to other industries. It accuses British manufacturers of failing to take advantage of favourable sterling exchange rates of the 1970s.

The report is also sceptical about whether more stringent export controls on low cost imports would offer a solution to job loss and declining output.

Urging the Government to estimate the costs of import controls, the association says it would be "extremely imprudent" for policy makers, in aiming to satisfy the textile and clothing lobby, to risk inflicting substantial damage to our export trade with developing countries."

It lists three companies whose products were directly affected by industry retaliation to import quotas on shirts, blouses and trousers. These are Mabe & Johnson (steel bridges), British Leyland (buses) and British Aerospace (passenger aircraft).

Mr B. C. McVey, chairman of Mabe & Johnson, said in a letter to *The Times* earlier this month that the Indonesian quotas cost United Kingdom exporters more than £80m worth of business this year with the prospect of losing a further £80m.

If the crisis in the clothing industry is socially and politically unacceptable to the nation, national resources could be mobilised by means of retaining and reversion.

It concludes: "A more economically rational strategy would be to release resources to alleviate shortages of skilled workers and capital in sectors where demand is likely to grow. Such a move would be in the best interests of consumers and workers in these industries and the economic prosperity of the community as a whole."

## Managers 'must adjust'

By Our Management Correspondent

British managers must adjust to change and do so quickly, Mr Trevor Holdsworth, chairman of the British Institute of Management, says in an interview in the institute's quarterly digest.

Mr Holdsworth, who is chairman of the GKN Group, said: "We tend to want to preserve everything but clearly we cannot. We have to concentrate our efforts on those things we are good at, and new technology, our future must depend upon our ability to sell our products and services in world markets."

Regarding BIM's role in representing management at all levels, Mr Holdsworth said that he would like to see an economic forum tried out.

"I think it would be useful, particularly now, if we could get away from the old style of always ending up with a wages norm, and have a real debate about all the elements and uncertainties affecting fundamental economic decisions of that kind."

"An economic forum would probably help to develop a better kind of thinking and a sense of involvement and responsibility."

## Equipment suppliers want talks on prices with British Shipbuilders

By Peter Hill Industrial Editor

A dispute has broken out between Britain's marine equipment industry and the State-owned British Shipbuilders after claims made by Mr Robert Atkinson, chairman of the company, that it could save £60m a year by buying its equipment and auxiliaries from overseas companies.

Earlier this week he repeated his claim that the marine equipment industry was wasting far too much of the strength of the shipbuilding corporation.

His comments followed a tough warning issued at a meeting earlier this month with leading company representatives in the supply industry.

Mr Atkinson's views have produced a storm of adverse reaction from member companies of the British Marine Equipment Council, whose executive committee has requested an urgent meeting with British Shipbuilders to discuss the issue. That meeting is expected to take place at the beginning of next week.

Suppliers have been told by Mr Atkinson that the company would be much more searching than the company's future policy than in the past, and he said the company intended to reduce its costs by 10 per cent for every ship it built next year.

British Shipbuilders spends between £500m-£600m a year on materials and equipment, and wherever possible buys its equipment from United Kingdom companies.

Mr Atkinson, however, has stressed to the suppliers that he expects United Kingdom companies to compete on commercial terms, to meet performance specifications, to provide prompt deliveries and back-up service.

He has described the increases in the cost of imported equipment and passed on to the company as "quite unacceptable" and said that quotations obtained from overseas suppliers for a wide range of equipment suggested that British Shipbuilders could make savings of between 25 and 45 per cent.

Overall savings that the company could make from buying abroad would amount to £60m a year, equivalent to half the loss made by the industry last year.

Mr Atkinson gave warning to suppliers that if proof emerged that companies were quoting lower prices to a foreign yard than to the company, the future relationship between that company and British Shipbuilders would be jeopardised.

"Your high prices are losing us business, causing us losses. You are being feather-bedded by British Shipbuilders," he added.



Mr Robert Atkinson: high prices at the expense of business.

## Thorn EMI venture into home video

By Kenneth Owen

Thorn EMI has a leading role in two of three new companies which have been formed jointly with General Electric (USA) and Matsushita (JVC) of Japan to launch high-density video discs in the United States.

The four companies are collaborating to launch Video High Density (VHD) systems in both the United States and Europe towards the end of 1981.

The three new companies are VHD Programs, a programme distribution and artistic production company; VHD Disc Manufacturing (which will manufacture video discs); and VHD Electronics, which will manufacture video disc players.

Thorn EMI has a 37.1 per cent stake in each of the first two of these companies and will have responsibility for management of the businesses. Mr Gary Darrall, formerly president of EMI Videograms and a long-time film and television executive with EMI, is president and executive of both companies.

Mr Peter Laister, group managing director of Thorn EMI, said in New York yesterday that he was confident that the VHD system would be a successful product.

## LETTERS TO THE EDITOR

### Full inquiry needed into Polish ships order

From Mr Paul Slater

Sir, I read with considerable interest the report of the Public Accounts Committee into the infamous Polish shipping order with British Shipbuilders.

It is now confirmed, as a result of this investigation, that the estimated direct losses on the construction of the ships has risen from the £44m estimated in March 1980, to £68m today.

Furthermore, it would now appear that not only was Parliament grossly misled by ministers of the previous government, but information provided by a senior civil servant contained significant errors.

One has to question whether, even now, the full extent of the losses on this transaction have been discovered. No information

has as yet been provided as to the extent to which the British taxpayer will have to share in any losses arising from the operation of the ships by the joint venture, company established between the British and the Poles. Furthermore, there must be reservations as to the ability of the Poles to make the repayments required under the loans provided by the British Government for the purchase of the ships.

A full inquiry needs to be conducted into this whole matter, and as well as the facts and figures, the whole deal should be publicly disclosed.

PAUL SLATER, President, Oceanic Finance Corporation, Bermuda, 80 Cannon Street, London, EC4N 6HH.

### Tax liability and covenanted payments

From Mr Jack Harper

Sir, The use of giftwrap money by tax-efficient deeds of covenant is growing—but how many donors realise they could be building up an unexpected extra tax bill?

The benefit of a covenant is that an income of, say, £1,000 per year can be passed to a recipient who is not liable to tax, by the donor paying out only £700 in cash each year. The £300 per year which the donor is treated as having deducted, and which the recipient can reclaim, is an amount of tax which the donor should be expected to pay as the Revenue in any event if he had not made the covenant. The result is that, by spending an additional £700, he can effectively channel £1,000 to the recipient. Covenants made by parents in favour of their unmarried children who are under 18 do not have this effect.

A second, equally subtle, however, has created a new problem for anyone making a covenant who has:

1. Investment income of more than £5,000; 2. No investment income but who makes gross payments under covenant of more than £5,000; 3. Investment income of less than £5,000 but which, if added to the gross amount of the covenanted payments, would result in a total of more than £5,000.

The excess over £5,000 in any of the above cases is likely to be treated as the investment income of the donor and will attract the 15 percent surcharge. This is a very serious penalty which will be imposed on the donor until a new case is taken to the courts.

Unless the Inland Revenue issues some practice statement or concession, it seems this surcharge will be imposed on the donor until a new case is taken to the courts.

JACK HARPER, Editor, Tax File, 4 Valentines Place, London, SE1.

### Putting the clock back

From Mr R. J. Crooke

Sir, Why do we bother to turn the clock back by one hour at this time of the year? There seem to be so many negative aspects to this policy.

The average person is so dependent on the clock that it is likely to rise one hour earlier with this time change. The lights go on one hour earlier in all homes and offices and this is surely energy inefficient.

Another most important dimension to this clock change is that Britain is now one hour behind most of the Continent. For one who works in an international company, with an emphasis on exporting from the United Kingdom, the Continental time change is a nuisance.

For example, our German office has to wait two hours before they can ring us each morning (they start at eight, which is quite common in Germany). This only feeds the prejudice that the British are slow

and always behind the Continent. Secondly, it is tough on those British export sales people who travel frequently to the Continent. Customer meetings at 8 a.m. translate to a 6 a.m. (or earlier) start for the "body clock" of the visitor. Clearly, this puts him at an unnecessary disadvantage.

Overall, these considerations and more (for example fewer traffic incidents) would justify the Government synchronizing its clock with the EEC partners. Will they please harmonise with Continental time in 1981? I believe we will gain a lot of unnecessary bother and confusion (as will the airline industry) if we do not. I am sure daylight time can only make more optimistic psychologically and enrich our lives.

Yours faithfully, R. J. CROOKE, 19 Lower Addison Gardens, London W14 8PG, October 27.

## Building society members' interests

From Mr R. Marshall

Sir, Mr Paul Twyman's article on members' rights in building societies (October 21) referred to the role of the Chief Registrar of Friendly Societies and quoted from one of his recent judgments in which he said that a building society is a "trust" in the eyes of the law. This is a very important statement, in my opinion, and it is to uphold and protect members' rights "so far as his powers allow".

Perhaps the time has come to review these powers in the light of the way some societies operate. There is something wrong with the system that allows directors to terminate

the membership of individual shareholders without giving any reasons, that allows them to circulate messages in support of their colleagues who are candidates in elections for directorships (messages which are paid for by all the members) and a chairman charged to the societies' accounts, and that allows directors to co-opt other directors and to determine the size of the board without reference to members, so that a small self-perpetuating group can maintain themselves in control.

In recent years evidence has accumulated that building society shareholders do not necessarily act in the interests of the membership as a whole. The Grays Society being the most notorious example.

Somewhere along the line of mutual principles have been lost. A chief registrar charged to uphold and protect members' rights can remedy this situation and benefit the individual members of these societies.

R. MARSHALL, Wembrook Lodge, Whitworth Road, Wigan, Lancs, W14 8PG.

### PROPERTY

#### THAMES DITTON

Albrighton cottage home recently modernised and decorated to high standard. Close to school and shops. Colourful garden. Double garage. Double bedroom (one fitted wardrobe), single bedroom, kitchen, living room, bathroom, central heating, gas, electricity, water, etc. Price £22,000. Call 01-837 2111.

#### PROPERTIES

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## FINANCIAL NEWS

## Stock markets

## Underlying tone firm but only oils go ahead

The market was firm but quiet yesterday with enough demand to support prices and very little selling. There was little reaction across the board to the Leyland workers' rejection of their pay offer, although engineering stocks weakened slightly in this trading. But in spite of the firm underlying tone, there was not enough business about to carry prices very far, and by lunchtime the market had settled into the dull pattern that characterized the day. The FT index closed down 64 at 492.8.

A few special situations provided more interest, but most of the price rises reflected the shortage of stock. Oils were strong again with crude prices on an upswing track.

Glits, too, had a slack day, with long opening 3 down on the previous night's close and drifting back and forth within a narrow range all day. They finally ended up 4 off, with most of the falls coming after hours.

In shorts, the Government broker supplied the new short put, Treasury 3 per cent 1985, at 57.21. Trade was featureless with the market moving within an eighth of a point and ending unchanged on the previous night.

Leading industrials echoed the subdued strength of the overall market, with small gains. ICI added 2p to 338p, as did Unilever to 453p and Courtauld to 66p—encouraged by a maintained dividend at Coats Patons. Bowater bucked the trend by losing 6p to 178p. Dunlop was steady at 71p, as was Glaxo at 244p, but Fisons gained 4p to 210p. Bechams edged up 1p to 148p.

Oil shares went up on expectations of higher oil prices as the Gulf war shows no sign of abating. Lasso rose 18p to 882p, while IC Gas gained 11p to 341p.

Elsewhere in the stores sector, House of Fraser continued to be active with a 4p gain to 142p, after touching 148p during the day—in spite of a demand from Loro of any bid plan.

The rest of the majors in the sector saw little trade, though prices generally held firm. Amongst the smaller stores, takeover favourite Owen Owen added 7p to 123p.

Profit-taking after recent speculation knocked 5p off Folly Peck, but Wearwell edged up 1p to 66p and Cornell Dresses gained 8p to 92p in continued speculation about Mr. Asil Nadir's plans. Folly Peck saw Associated Dairies losing 4p to 232p in continued reaction to the chairman's warning about profits at Wednesday's annual meeting. J. Sainsbury ran into profit-taking, and dropped 5p to 585p.

Properties spent a rather quiet session with prices generally marked lower in line with the rest of the market. Nevertheless, jobbers admitted no

real selling pressure and felt that prospects of higher interest rates for the next few months had been discounted.

Enthusiastic buying coupled with stock shortages has resulted in a strong rally in shares of BICC this week. This comes after news of Plessey's recent big defence contract from which BICC should greatly benefit. However, jobbers are unlikely to gain much relief when brokers' Fielding Newton Smith publish a "buy" circular later today. The shares rose a further 2p to 178p yesterday.

In mining financials, Consolidated Gold Fields firmed 10p to 661p, but RTZ closed unchanged at 480p.

Equity turnover on October 30 was £140.39m (13.24m shares). Active shares yesterday, according to Exchange Telegraph, were BP, Associated Dairies, Rank, Burmah, Lasso, Premier, Shell Barclays, Sainsbury Stores, Beyer, Consolidated Gold Fields, Courtauld, CUS, Westminster and National Westminster.

Traded Options: Total contracts amounted to 1,170 in a quiet day. Interest flared up again in Loro, with buyers chasing the November 15s in hopes of a quick profit, before the series expires. Consolidated Gold Fields January 650s and 700s were also busy.

Traditional options were fairly active thanks to the firm underlying tone in the equity market. There was only one put, in Lasso, at 882p, which was arranged in Town and City at 24p, Charterhall at 14p and in the volatile Double Eagle at 11p.

## Latest results

Company	Sales	Profits	Earnings	Div	Year's
	£m	£m	per share	20/12	total
Aberdeen (F)	—	3,292(2.52)	2.8(2.4)	3.7(3.1)	5,714(4.5)
Armour Tat (F)	—	3,292(2.52)	2.8(2.4)	0.12(0.1)	0.12(0.1)
Armour Tat (F)	—	3,292(2.52)	2.8(2.4)	0.65(0.58)	0.65(0.58)
Bambors Stores (I)	13.8(11.1)	0.7(0.9)	2.5(2.42)	19/12	19/12
Beecham (I)	15.5(8.05)	0.06(0.39)	—	12/12	12/12
Borden Brews (I)	—	0.37(0.23)	3.35(2.74)	5/1	5/1
Can & Foreign (I)	—	26.7(16.0)	4.8(6.1)	31/12	31/12
Coats Patons (I)	346(338)	0.09(0.78)	—	12/12	12/12
Coats Patons (I)	—	0.12(0.092)	3.4(6.4)	12/12	12/12
Hopkinson Hides (I)	18.9(21.2)	0.14(0.1)	1.51(2.84)	29/12	29/12
Lunova Cyla Tea (I)	—	3.21(4.73)	—	—	—
Municipal Props (I)	122(114)	0.02(0.08)	—	—	—
Wm Press (I)	—	0.02(0.08)	10.01(11.27)	—	—
Scott's Restaurant (I)	1.09(0.93)	0.11(0.028)	1.11(0.28)	—	—
S. Simpson (F)	22.3(22.04)	0.11(0.028)	1.11(0.28)	—	—
Weeks Assoc (I)	2.18(2.07)	0.11(0.028)	1.11(0.28)	—	—
Wm Press (I)	—	0.11(0.028)	1.11(0.28)	—	—

Dividends in this table are shown net of tax on profits. To assist gross multiply the net dividend by 1.428. Profits are shown pre-tax and earnings are net. Company estimate; † For nine months; ‡ Loss.

## Payout lifted as Armour climbs

By Our Financial Staff  
Armour Trust, the holding company with interests in confectionery and television rental, lifted pre-tax profits by 18 per cent to £440,000 in the 18 months to April 30. Turnover increased by a tenth to £8.23m.

However, the group warns that trading in the first half of the current year has been difficult, although it intends to consolidate the recovery of the past two years.

A 25 per cent increase in the dividend is proposed to 0.18p gross.

The confectionery company, Carter Penguin Group, had a record year. Armour explained that because the confectionery side is geared to the cheaper end of the market, it had been able to withstand the drop in confectionery consumption. Competitive pressures are now affecting profitability, but there are signs of an upturn in demand.

Telesure made a small loss. Because of the switch in emphasis from credit sales to rental of television, which has hit profits, Telesure is not expected to make much profit in the short term and rental growth will be harder to achieve this year. However, Telesure has expanded its personal loan business to customers and expects more growth.

Litigation between Armour Trust and the liquidator of Armour Hick (Northern) has now been settled. The costs of the settlement have been included in the results.

Net profits transferred to reserves totalled £393,000 compared with £367,000 in 1978-79.

## Briefly

West Bromwich Spring: Turnover for first half of 1980, £220,000 (12.07m). Pre-tax profits, £22,000 (12.07m). No interim payment (against 0.43p gross last year).

Canadian & Foreign Investment Trust: Pre-tax profits for half year to September 30, £577,000 (22.07m). Interim payment raised from 2.5p to 2.75p gross.

Corning (subsidiary of Corning Glass Works, of the USA): Sales for 28 weeks to September 28, £13.1m (£31.7m). Loss before tax, £476,000 (against profit of £592,000 last time).

Municipal Properties: Gross income for first half of 1980, £17,000 (£121,000). Pre-tax profits, £149,000 (£108,000).

Lunova (Ceylon) Tea and Rubber Estates: Net revenue before tax for nine months to September 30, £224,000 (£92,500). Interim payment, gross, raised from 7.14p to 8.57p.

## Sales fall hits Weeks Associates

By Our Financial Staff  
Weeks Associates, manufacturers of agricultural and rubber products, has blamed the 20 per cent decline in sales for its losses in the first six months of the year.

The Huddersfield-based group reported losses of £115,900 in the six months to August compared with pre-tax profits of £29,500 in the same period last year. Turnover rose slightly from £5.8m last year to £6.1m.

Trading profit of £207,200 was offset by increased interest charges of £332,000 against £162,800 in the period last year. After an extraordinary charge

of £30,000 for start-up costs for the subsidiary, Hutton Singapore, losses were made of £145,900. The interim dividend has been passed.

Mr. N. White, the finance director, said yesterday that all the United Kingdom companies had been affected by the decline in demand despite the cost-cutting operations, which had been in progress since the first three months of the year, which were affected by the steel strike, changes in the business climate came in May. Since then order books at all the subsidiaries, apart from Tong Soms, were down across the board, he said.

The group exported 25 per cent of sales which saw an increase of 5 per cent in the period, resulting from a direct effort to develop overseas markets.

At Huttons, manufacturers of agricultural and rubber products, the lack of sales combined with delays in production resulted in losses of £100,000, of which £55,000 were non-recurring.

The borrowings raised last year of £10m in medium and long-term loans for the purchase of Rubber Allied Products had changed the group's liquidity position.

In what was Mr. Moran's first official letter to shareholders last Friday, he said that he believes that "without my efforts the value of the company will greatly diminish". He said that a major part of the company's profits have come from insurance broking which is necessarily a "highly personal business".

An International Group in many fields of textiles

# COATS PATONS

LIMITED

Interim Announcement

Unaudited results for January/June 1980 and the comparative figures for 1979 are as follows:—

	Jan./June 1980	Jan./June 1979	Year 1979
Turnover	345,512	306,049	683,649
Trading profit before charging depreciation	37,433	39,225	78,521
Less: Depreciation	7,265	6,615	13,445
Trading Profit	30,168	32,610	66,076
Interest and other charges	6,575	4,403	11,306
Profits of associated companies	13,613	28,207	54,770
Investment and other income	1,392	1,012	2,739
Profit before taxation	25,678	31,045	63,534
Taxation	11,178	11,773	23,250
Investment grants	15,500	19,272	38,284
Profit after taxation	15,664	19,447	38,633
Interest of minority shareholders	2,225	2,509	4,958
Profit before extraordinary items	13,439	16,938	33,675
Extraordinary losses	1,085	663	1,971
Preference dividends	24	24	48
Profit earned for ordinary shareholders	12,330	16,251	31,656
Ordinary dividends	3,874	4,164	11,358
Profit retained	8,456	12,087	20,298
Earnings per ordinary share of 25p	4.8p	6.1p	12.2p
U.S. Dollar rates of exchange used—Dollars per £	\$2.40	\$2.07	\$2.22

Sales at £346 million (1979, £336 million) were marginally higher than in the same period last year. World sales volume was virtually unchanged and price increases more than offset the adverse effect on sales value of the strengthening of Sterling compared with January/June, 1979.

Exchange movements reduced trading profits by £7.3 million, or 22%, but better trading results in North America and certain European countries, derived entirely from improved efficiency, confined the drop to £2.4 million, or 7%. Unfortunately the level of price increases mentioned above was insufficient to cover increased costs and trading margins fell to 8.7% (1979, 9.7%).

The increase of £2.2 million in the interest charge was due to higher interest rates and increased borrowings overseas.

Owing to improved profits in high tax countries and a provision for clawback of stock relief which was not necessary, the rate of tax has risen from 38% to 42.1%. Consequently, profit earned for ordinary shareholders was £12.3 million (1979, £12.3 million), a reduction of 24%.

Profit before taxation of £25.7 million reduces on an SSAP 16 basis to £10.7 million (1979, £31 million to £16.3 million).

Trading conditions, particularly in the United Kingdom, were difficult throughout the first half of the year and there is currently little sign of improvement. We are continuing our policy of rationalisation and disposal of surplus assets. Taken together with a more efficient use of working capital, it is expected that the net borrowing position at the year-end will be similar to that at December, 1979. It is anticipated that the year on year increase in interest charges will not be greater than the increase shown for the first six months. The movement of the Sterling exchange rate will, however, be the main factor determining the results for the current year.

An unchanged interim dividend of 1.4p per share will be paid on 31st December, 1980, to ordinary shareholders on the register on 14th November, 1980.

## Stormy meeting expected for Moran

By Philip Robinson  
Fireworks are expected to be set off by the shareholders of troubled Lloyds of London Insurance Group will be asked by the present board to remove Mr. Christopher Moran as a director. If he is not removed the other four directors will be asked to resign.

The extraordinary general meeting at the Savoy Hotel today was convened after Mr. Moran refused to submit his resignation voluntarily, although the board suspended him as managing director in August.

At the last count the board had received 3.4m proxy votes out of the 17.4m available. About 2.4m support the board headed by Viscount Hall, another million are against removing Mr. Moran.

Over 50 per cent of the Lloyds shares are held by the number of Channel Islands companies. Around 36 per cent is in the hands of Heahter Investment in Guernsey and a further 20 per cent is held by various trusts in the same area. The Lloyds Trust investment group holds 6.2 per cent.

The Moran board has requested Mr. Moran's resignation because they say a situation could arise in which the group's business could be prejudiced from the action taken by the committee of Lloyds in initiating certain disciplinary procedures under the Lloyd's Acts and bye-laws, and the criminal charge made against the former managing director.

Mr. Moran is currently on bail of £100,000 on charges of conspiracy to defraud members of certain Lloyd's syndicates.

In a circular to shareholders early this month, the board said that it was convinced that it will be increasingly difficult for them to fulfil their obligations should Mr. Moran remain publicly associated with it and that the group will suffer if such association continues.

It added: "We sympathise with Mr. Moran's view that his resignation could be tantamount to an admission of guilt and we acknowledge that he is strenuously denying all the allegations."

In what was Mr. Moran's first official letter to shareholders last Friday, he said that he believes that "without my efforts the value of the company will greatly diminish". He said that a major part of the company's profits have come from insurance broking which is necessarily a "highly personal business".

Shareholders accepting the offer will be entitled to receive and receive the total dividend for the year to June 30, of 2.28p gross. In the meantime, holders of the preference shares will be entitled to receive and retain their dividend for the half-year to December 31, 1980.

Referring to the resignation, Mr. Moran said that the group's business could be prejudiced from the action taken by the committee of Lloyds in initiating certain disciplinary procedures under the Lloyd's Acts and bye-laws, and the criminal charge made against the former managing director.

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## Glaxo warning as profits slip

By Our Financial Staff  
Sir Austin Ride, chairman of pharmaceutical group Glaxo, says in his annual report: "The depressed and worsening economic scene around the world makes the task of increasing profit and profitability difficult indeed for any serious manufacturing and exporting company, and the more so as sterling strengthens."

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## FINANCIAL NEWS

## Jardine Matheson move to deter possible bidder

By Bryan Appleyard

In a defensive move designed to fend off a possible bid, Jardine Matheson the Hong Kong trading giant has followed up its issue of 25m new shares to Hong Kong Land with a loan stock conversion which will create another 24m shares.

Jardine said it is to convert all outstanding 71 per cent convertible subordinated unsecured loan stock 1990 into ordinary shares. Holders can alternatively opt to have the stock redeemed.

The conversion rate, adjusted for an earlier three-for-two scrip issue, is HK\$30.40 (2.46p) nominal of ordinary shares for every HK\$100 of loan stock giving an effective price of HK\$19.74 per share.

Jardine was free to take this step as long as the market price of its shares had risen 50 per cent above the subscription price for ten consecutive days. This happened on Wednesday, but the expected



Mr. David Newbagg, chairman of Jardine Matheson.

announcement of the conversion was replaced by the HK\$70m. The total amount of outstanding loan stock is HK\$470m.

In addition to these moves, the terms of the HK\$1,000m rights issue announced last month are due to be announced in the middle of November. This will carry warrants convertible into equity.

But in spite of the 20 per cent increase in equity announced over two days, and the rights issue, Jardine's shares have been showing remarkable strength. In fact, they rose HK\$2.25 to HK\$30.25, and they continued to rise in London to 256p yesterday.

All this activity is largely aimed at having off a possible bid from Chinese interests, particularly Sir Y. K. Pao, the shipping magnate. The strength of the share price is put down to both support from friendly interests and buying by the Chinese.

Mr. David Newbagg, chairman of Jardine, gave as one motive for the issue to Land the dampening down of speculation in the shares based on a possible bid.

## Bambers raises market share

By Margaret Pagano

With high street traders reporting a squeeze in consumer spending in recent weeks, Bambers Stores, the women's clothes retailer and manufacturer, yesterday announced that it had captured a larger slice of the market.

But the two per cent increase in market share was accompanied by a fall in trading profits in the six months to August, to £705,000 compared with £906,000 in the same period last year. Turnover increased by 23 per cent from £11.1m to £13.8m.

An interim gross dividend is declared at 0.5p, an increase of 14.7 per cent, compared with 0.4p at the halfway stage last year, including the sale of properties of £417,000, pretax profit

was £1.1m compared with £1m. Mr. Louis Vernon, the managing director, said yesterday that with a general decline in high street trading of 15 to 20 per cent, the group had retained "satisfactory growth".

Interest charges were up from £340,000 last year to £710,000 for the period. Borrowings remain at last year's level of £5m. The group feels satisfied with this but is making attempts to reduce the ratio between borrowings and shareholders funds.

Manufacturing, which remains an integral part of the clothing business, contributes 60 per cent to overall sales and helps in keeping prices down. In the last six months the group has opened 13 new branches

throughout the country, bringing up the total to 200 retailing outlets. However, a few "surplus" branches have been closed, Mr. Vernon said.

The next Christmas season, which includes the Christmas season and January sales, are traditionally the group's most important selling time and it looks forward to increased sales. Indications are that the last two months of trading have shown improvement and the group is optimistic for the coming season.

Last year, the group saw pretax profits rise 47 per cent to £4,07m, on turnover of £25.2m. After stripping out £715,000 of costs for 500 staff cars for shipment from next month, it declined to disclose price details. The order is in addition to 750 cars ordered by Poland last January.

## Toyota Motor Sales slips at interim

Toyota Motor Sales, the sole sales firm for the Toyota Motor Group, has suffered a profit decline for the first time in three years, although sales were a half-year record, helped by active export.

Foreign exchange losses arising from the yen's appreciation and increased interest payment burdens trimmed the profit.

After-tax profit was 17,300m yen (about £33m) for the first half ended September 30. Sales totalled 1,830 billion yen. The interim dividends was 5.50 yen per share, the same as last time. Overall sales came to 1.6m units, up 13.2 per cent. Sales in

received a large order from that country on a spot delivery basis. The exports to West Germany also showed a sharp increase, 104.9 per cent to 32,495 units from 15,635 units.

Exports to Australia came to 27,834 up 15.7 per cent from 24,460 units. Those to other areas reached 400,449 units, up 51.3 per cent from 264,612 units the year before.

Meanwhile, the company said it had won an order from Poland for 500 staff cars for shipment from next month. It declined to disclose price details. The order is in addition to 750 cars ordered by Poland last January.

## Loss forecast at KLM

KLM Royal Dutch Airlines expects a loss in the year ending March 31 in view of current prospects for the remaining two quarters.

The airline showed a net profit of 15.3m florins last year. In the first half, to September 30, of this fiscal year, its net profit declined to 7.9m florins (£17.6m) from 92.0m last year, with higher second-quarter earnings net making up for the first quarter's 12m loss.

## Progress at Cyanamid

Cyanamid has reported an 111 per cent sales increase for the third quarter of 1980 compared with a year ago. Net earnings rose 2.8 per cent, despite unusual charges for plant shutdowns and consolidation.

Mr. James G. Affleck, the chairman and chief executive, noted the achievements of Cyanamid's agricultural, medical and consumer businesses in

the domestic market alone totalled 770,462 units in the six months, down 7.9 per cent from 836,255 units the year earlier. Exports increased 40.1 per cent to 916,499 units from 653,942 units. Exports to the United States increased 21.8 per cent to 348,701 units from 287,549 units the year before.

Exports to Saudi Arabia were 72,094 units, up 35.9 per cent. Exports to Iraq increased sharply as the company

the board said that market developments are unfavourable, particularly for passenger traffic.

KLM said that traffic in the second quarter was one per cent higher than in the same period last year, while capacity rose by six per cent. As a result, the load factor declined to 62.4 per cent from 65.8 per cent.

Passenger traffic on scheduled services rose one per cent, freight four per cent

## Bank Base Rates

ABN Bank	16%
Barclays	16%
BCCI	16%
Consolidated Crds	16%
C. Hoare & Co	16%
Lloyds Bank	16%
Midland Bank	16%
Net Westminster	16%
Russminster	16%
TSB	16%
Williams and Glyn's	16%

\* Deposit on overdraft of £10,000 16% over £50,000 15%.

## Business appointments

## Avon Rubber elects two non-executive directors

Mr. John Finckland and Mr. Ian Weston Smith have become non-executive directors on the main board of Avon Rubber Company.

Mr. B. H. Nathan and Mr. K. J. McQueen have joined the board of General Mining Union Corporation (UK).

Mr. Terry Bucher and Mr. Jim French have become directors of Atcost Structures. Mr. Mike Doherty has become a director of Atcost Projects and Mr. George Shaw has joined the board of Atcost Concrete.

Mr. Alexander T. Liu, vice-president, has been made director of administration at Bankers Trust International.

## M. J. H. Nightingale &amp; Co. Limited

27/28 Lower Lane London EC3R 8EB Telephone 01-621 1212

## The Over-the-Counter Market

1979/80	Company	Price	Chg	Div	Yld	P/E
99	39 Airsprung Group	41	+1	6.7	16.3	3.7
50	21 Armitage & Rhodes	24	-	1.4	5.8	9.9
177	924 Bardon Hill	176	-1	9.7	3.5	6.6
100	69 County Cars Pref	69	-	10.7	15.5	4.7
101	63 Deborah Ord	95	-	5.5	5.8	3.7
126	88 Frank Horsell	177	-	7.9	6.8	3.7
129	65 Frederick Parker	65	-	11.0	16.9	3.0
156	79 George Blair	79	-	3.1	3.9	-
85	45 Jackson Group	88	+1	6.1	6.8	3.3
153	103 James Burrough	120	-	7.9	6.6	3.8
310	242 Robert Jenkins	305	-	31.3	10.3	-
232	175 Torday Limited	218	-	15.1	6.9	3.7
34	10 Twinlock Ord	111	+2	-	-	-
90	70 Twinlock 15% UL5	82	-	15.0	16.3	-
56	23 Unilock Holdings	38	-	3.0	7.9	5.8
101	42 Walter Alexander	98	-	5.7	5.8	5.4
245	136 W. S. Yates	240	-	22.1	5.0	3.9

\*Accounts not prepared under provision of SSAP15.

## Hopkinsons pushed into loss by strike

By Our Financial Staff

A damaging 15-week strike has plunged Hopkinsons Holdings, the boiler mounting and engineering group, into the red at the half-way stage.

Interim figures for the six months to August 1, show pretax profits plunging from £789,000 into a loss of £94,000 on turnover reduced from £21.1m to £18.9m.

A spokesman for the group said the strike had cost in excess of £1m with only one third of the usual working period used up.

Nevertheless, the board has declared an interim dividend of 2.14p gross which is unchanged over the corresponding period.

Looking to the second half, the group points to a satisfactory order book and expects to return to the black for the year as a whole. A profit of over £1m has not been discounted.

The overall trading position remains fairly stable, although the fall in sales results from increased destocking by most of the group's customers.

On top of this, the 15-week strike has meant increased borrowing which now amounts to over £5m.

## Workforce reduced as Twinlock loss rises

The pretax loss of Twinlock widened from £241,000 to £339,000 in the half year to August 29.

Mr. J. H. Murray, the chairman, explains that the company experienced difficult conditions in the United Kingdom and the half year sales, though 4.8 per cent ahead at £14.95m, were below earlier expectations.

Interest charges grew from £716,000 to £757,000. The slackness in demand posed further problems for the group's factories and short-term working continued in most locations.

Additionally, Twinlock took action to lower costs and the number of people employed was cut by 10 per cent in the half-year. These actions enabled it to absorb much of the fall in trading profit arising from the downturn in sales.

This group makes products for recording, storing, retrieving and displaying business information.

First-half jump at Jackson Group

More than doubled half-time figures are reported by the Jackson Group, the East Anglian construction and industrial services concern, the shares of which are traded on the over-the-counter market made by M. J. H. Nightingale.

In the first half of this year, pretax profits climbed to £365,000, against £173,000 last

time. No tax charge is expected for the current year. Turnover was up from £6.12m to £9.34m.

Mr. F. Jackson, the chairman, said that the full-year's results were expected "to prove satisfactory". Pretax profits reached £574,000 in 1979.

Touche Ross Int in Scandinavian mergers

Touche Ross International announces a merger in Denmark between its member firm, DFR, and the old-established Schoebel & Marhold practice.

The combined firm is now one of the two largest accounting practices in Denmark. The two firms have a total of 400 people including 48 partners operating from 10 offices in eight cities. Total fees in the current year are in excess of £5.3m.

Also announced by Touche Ross International is a merger in Sweden between its member firm, Stockholm Revisionsbyrå AB and Elinder & Nystrom.

Interim results down at Border Breweries

Border Breweries (Wrexham) has not escaped the recession. It estimates that in the half-year to August 31, pretax profits fell to £474,000, compared with £538,000 in the similar period last year. Border's board explains that sales of all products, including draught beers, are down in volume. The future

for the second-half does not look very promising, the directors warn. However, the interim dividend is being raised from 1.71p to 1.85p gross.

New Zealand gold venture by MIM

New Zealand could become self-sufficient in gold for industrial and related purposes if MIM Holdings, the Australian mining company, is successful in exploiting an alluvial gold deposit in the Mikonui River valley on the South Island.

MIM has commissioned Alluvial Dredge, a Scottish company, to prepare a design for a bucket dredge. The design should be ready by next spring. If the project proceeds, the contract for the dredge and associated equipment could be worth A\$25m (£12.5m).

Another Australian company, Endeavour Resources, is to spend A\$17.5m (£8.75m) on acquiring Rhondola Colliery in Queensland.

GM—Midland Bank link in Brazil

Financiadora General Motors, a subsidiary of General Motors do Brasil, has acquired a 9 per cent shareholding in Bamerindus Midland Arrendamento Mercantil SA, the Brazilian leasing company in which Midland Bank has a 40 per cent

interest. Banco Bamerindus do Brasil, one of Brazil's largest private banks with over 650 branches across the country, holds the remaining 51 per cent.

The participation of General Motors extends the opportunities for developing leasing in the expanding transport field. With its special Chevrolet programme, General Motors will be promoting vehicle-leasing through its 350-dealer network, thus bringing the number of outlets for the Bamerindus Midland operation to more than 1,000.

Leasing is rapidly growing in importance in Brazil as an additional means of finance for the country's substantial internal investment programme.

Interim slump at Boosey & Hawkes

Following the almost halved profits of 1979, Boosey and Hawkes saw its pretax profits slump from £391,000 to just £60,000 in the first six months of 1980. Turnover rose from £8.05m to £9.15m. The board reports that difficult trading—especially in musical instruments—and costs incurred in upgrading manufacturing operations (as well as terminating others) contributed to the result.

But trading profit is improving in the second half and the interim payment is being held at 2.71p gross.

## Johannesburg Consolidated Investment Company, Limited

(Incorporated in the Republic of South Africa)

Extracts from the Chairman's Review by Sir Albert Robinson.

The Annual General Meeting of the Company will be held in Johannesburg on 10 November 1980 at 12 noon.

"This is my last Chairman's review of your Company's affairs as I shall be succeeded on 1 January 1981 by the present Deputy Chairman, Mr. G. H. Waddell. I have gladly accepted an invitation from my colleagues on the Board to continue serving as a Director. I first became associated with Johannes in 1965, when I was appointed an Alternate Director. In 1971 I became Chairman. For the past fifteen years, therefore, I have been involved in the affairs of the Group. During this time we have expanded our activities in platinum, gold, nickel, antimony and coal mining, and also in the industrial field. All of these areas of our business are contributing to the Group's present strength and prosperity and I am satisfied that they have the potential to do so in the future. Furthermore, I believe that under Mr. Waddell's energetic leadership we can look forward to the development of new businesses as well as to the further expansion of our existing enterprises. But Johannes' potential, and indeed the country's vast economic potential, will not be realised unless South Africa enjoys political, social and industrial stability. It is on this need for stability that I wish to comment.

The Prime Minister has unleashed the forces of change in South Africa after some thirty years of the restrictive policies of his predecessors. Over these years numerous devices were employed to entrench apartheid, or as it later came to be known, separate development. Coloured and black representation in the South African Parliament was removed. Separate coloured and Indian councils were created. The Group Areas Act was introduced to divide the peoples of South Africa by forcing them to live in separate ethnic communities. Black homelands were established in the hope that they would arrest and ultimately reverse the influx of blacks to the metropolitan areas. This plethora of divisive legislation inevitably necessitated the enactment of increasingly elaborate and powerful laws for the control of dissent. However necessary these laws may be for the protection of the legitimate security interests of the State, it cannot be denied that they have encroached extensively on the freedoms that are fundamental to any democratic society.

Mr. Botha assumed office at a time when the failure of the apartheid doctrine of separate development was becoming increasingly evident. Distasteful to the traditional policies were leading the country, the Prime Minister lost little time in setting a new and more hopeful course. Last year he announced a programme of reform directed towards the establishment of a constellation of states which he claims will be founded upon racial equality and economic growth. To this end he has initiated a process of consultation with black leaders and with representatives of the business community. He has abandoned the Westminster system of parliamentary government by abolishing the Senate and he has also abolished the Coloured Persons Representative Council. In their place he has announced plans for a new constitutional and political dispensation.

As one who attended the new famous conference between business leaders and the Prime Minister and his Cabinet colleagues last November, I feel free to comment on the trend of events since that meeting. There are those who suggest that reactionary elements in the Government will frustrate the Prime Minister's efforts to create a generally acceptable basis for a new South African society. Others, however, hope and believe that, despite its slow progress to date, his policy reflects a new spirit, namely one that recognises and accepts that a negotiated sharing of power among the races is the only alternative to violent inter-racial conflict in South Africa.

It is difficult to assess the present balance of power between the reactionaries and the reformists. I am, however, certain of one thing: that Mr. Botha's policies have unleashed the forces of change and are now pressing for the old order or prevent the ultimate emergence of a new, non-racial South Africa. The Government's further plans are awaited with the keenest interest by moderates of all races within the Republic and by the major Western powers, whose trade and investments are essential to the country's wellbeing. Their earnest hope is that Mr. Botha will be able to steer a course away from conflict and towards an accommodation of the reasonable aspirations of all the peoples of South Africa.

I turn now to the question of industrial relations. In this sphere the Botha Government has advanced the process of change by the appointment of various commissions to investigate and report on industrial relations and the relevant labour laws in South Africa. For many years a number of leading white trade unions have dominated the industrial scene whereas blacks, by and large, have had their terms of employment decided by employers with the Government holding a watching brief. Today the majority of Government-approved and registered unions are non-white or racially mixed, which is an interesting and satisfactory development. Obviously industrial peace should be the prime objective of employers, the Government and employees. The latter will be achieved if employers, the Government and employees all work together to ensure that the police action as a response to workers who seek to negotiate legitimate changes in their conditions of employment. Such measures can only lead to civil disorder or industrial action and consumer resistance. I believe that certain steps should be taken to resolve this complex problem, namely how to achieve a responsible trade union movement which is fully recognised and whose members do not feel impelled to resort to unlawful action to obtain redress of grievances. Firstly, all unions should aim at being democratically representative of all employees. Secondly, the number of unions competing with each other should be limited. It is essential if only to avoid demagogic disputes. Unions should be encouraged to amalgamate in the different economic disciplines, or at least to bargain together with management as is already the case in the steel and engineering industry. Thirdly, it must be accepted that workers of all races have industrial rights, just as employers have industrial rights. One segment of the industrial community should not impose its will upon the other. Management and the unions must negotiate under the umbrella of benevolent industrial legislation to further their mutual interests. These suggestions amount to the practice of industrial democracy, a principle which should be accepted in South Africa if strife and disorder in the work-place are to be avoided. After all, employers and employees should have a common interest, which is to further their own prosperity and thereby promote the prosperity of the nation.

I have commented on some of the major political and industrial problems that confront the country. I am one of those who believe that to achieve stability in South Africa there should be one nation, however diverse its many parts. If this belief can win sufficient support—and I think it can—then we may hope for a constitution that meets the reasonable aspirations of the various communities. This achievement would provide the framework for a peaceful and prosperous future and would win for South Africa considerable support and goodwill in the international community.

Results for the Year

The Johannesburg Group made substantial progress during the past financial year and profits were at a record level.

Group profits before the deduction of tax, preference dividends and minority interests were R208.7m, compared with R207.0m for the previous year. Profits on the realisation of investments less provisions against possible future losses on investments amounted to R20.8m. After the deduction of tax, preference dividends, minority interests and the net surplus on realisation of investments, which is customarily regarded as non-distributable, the net profits available for distribution to ordinary shareholders for the 1980 financial year were R78.3m (1016 cents per share), an increase of 67% over the comparable figure of R46.3m (609 cents per share) for the previous year. These results are mainly a reflection of a 48% increase in Group investment income not give a complete picture of the Group's earnings as it necessarily excludes the Group's share of the retained profits of non-subsidiary companies in which a substantial interest is held. When these underlying earnings are taken into account, the equity earnings of the Johannesburg Group increase to R129.8m (1680 cents per share), compared with R86.8m (1214 cents per share) for the 1979 financial year.

Cash inflow for the year totalled R136.4m. Loan repayments absorbed R61.2m; R20.6m was distributed to preference and ordinary shareholders; investments accounted

for R12.8m; expenditure on exploration and research was R3.6m; and R8.5m was spent on fixed assets. The net result of the foregoing was an increase in cash resources of R35.7m to R56.5m. The Group's net current assets improved from a deficit of R31.5m to a surplus of R75.2m.

Thus, the financial strength of the Group has been improved to a significant extent during the past year. A strong cash flow and substantial gearing potential place it in an excellent position to take full advantage of new opportunities as and when these arise.

Dividends

During the year ended 30 June 1980 dividend income from our diamond investments increased by 19% to R16.8m, or 31.6% of consolidated normal income. These investments, which amount to 11.5% of total Group investments, consist of holdings in certain unlisted diamond trading companies and in De Beers Consolidated Mines Limited.

Gold and Uranium

The gold price continued to fluctuate widely during the year under review but maintained the strong upward trend that started in 1977. The average price received by the South African gold mining industry was R12,830 per kilogram, an increase of 96% on the comparable figure for the previous year.

In March 1980, The Randfontein Estates Gold Mining Company, Witwatersrand, Limited announced plans for the sinking of the Cooke No. 8 shaft to exploit the southern portion of its lease area. Full-scale production at the rate of 180,000 tons milled per month is expected to be achieved in 1986. Good progress has been made in overcoming production difficulties at the Cooke plant.

As a result of higher gold prices, Western Areas Gold Mining Company Limited greatly increased its after-tax profits during the period under review. In January 1980 a long-term contract for the supply of uranium was negotiated through the agency of Nuclear Fuels Corporation of South Africa (Pty) Limited. Deliveries in terms of this contract will begin in 1983.

The uranium market, in contrast to the gold market, has deteriorated appreciably during the past year. With one or two notable exceptions atomic power programmes are generally at a standstill, partly as a result of public controversy concerning the alleged hazards of nuclear reactors and the disposal of waste material. The market may be expected to recover in the time, however, as the demand for energy increases and as the leading industrial nations move to reduce their reliance on Middle East oil.

Platinum

Rustenburg Platinum Holdings Limited earned pre-tax profits of R249.8m in its financial year ended 31 August 1980, an increase of 86% on the comparable figure for the previous year. This record level of profits was due partly to increased sales volumes but mainly to substantially higher prices for platinum and palladium. During the past two years Rustenburg has greatly strengthened its financial position. All borrowings have been repaid and cash resources at 31 August 1980 amounted to R42.1m. These cash resources will enable the company to exercise greater flexibility in its response to any adverse developments that may occur in the platinum market.

Prospecting of the Matenyane Plateau in the Potgietersburg district is far advanced but the necessary metallurgical and feasibility studies will not be completed for some time. Preliminary indications are that this area has the potential for supporting a major new platinum/nickel/copper mine. However, a close assessment of the future world-wide demand for platinum and Rustenburg's overall production capabilities will have to be made before a decision can be reached on whether to develop a new mine.

On 28 August 1980 Rustenburg raised its published price for platinum from R420 to R475 per ounce. The company has enjoyed favourable trading conditions thus far in its current financial year.

Coal

As reported in the Directors' review, Johannes' investment in managed coal producers now consists of a controlling interest in Twinstock Collieries Limited, the investment in The Natal Cambrian Collieries Limited having been sold during the year. In addition the company has valuable coal rights in the Middelburg, Breiten and Teardrop areas of the Eastern Transvaal and options over coal-bearing areas in Natal and KwaZulu. Other areas are being sought.

In my opinion, the Government's policy on coal exports is in urgent need of review. South African reserves of coal are estimated to be 50 to 65 thousand million tons, so without the least detriment to internal requirements, it would be desirable to export a level of exports far much higher than the officially imposed maximum of 4.4 million tons per annum for thirty years.

Consolidated Marchion Limited, the western world's largest producer of antimony concentrates, earned after-tax profits of R7.6m in its financial year ended 31 December 1979, compared with a loss of R0.5m in the preceding year. Market conditions continued to be favourable during the first half of the current financial year but since then have deteriorated significantly as a result of a marked decline in demand from the principal consumers of antimony products. On 6 October 1980 the company announced that sales were expected to remain at a low level next year. It had been decided to reduce the milling rate from 45,000 to 30,000 tons per month and, furthermore, that no final dividend would be declared in respect of the current financial year.

Shangani Mining Corporation Limited, in Zimbabwe, made a net profit of Z\$0.3m, after full provision for interest charges, during its financial year to 30 June 1980, compared with a loss of Z\$2.3m for the previous year. These results, which were better than the breakeven position forecast in my previous review, were due mainly to unexpectedly good nickel prices and to a large increase in revenue from cobalt sales. Prospects for the current year are less favourable, however, and the indications are that operating profits may not cover interest charges. We have confidence in the future of Shangani, which is the justification for our perseverance in funding our share of its financial requirements.

The future of Opticene Mining Company Limited has been the subject of a great deal of attention since my previous review. Your Board has decided that Johannes itself should re-open the mine but instead should seek a suitable partner to do so. Discussions to this end are being held with interested parties and, if these discussions should be successful, Opticene could be re-opened on a satisfactory and viable basis.

Industry

Our interests in the industrial field include Consolidated Metallurgical Industries Limited (CMI) and Leaning Holdings Limited, which are managed by Johannes, and substantial portfolio investments in The South African Breweries Limited, Argus Printing and Publishing Company Limited and Vrota South Africa Limited. Income from industrial investments, including the interest of Johannes and its subsidiaries in the retained earnings of non-subsidiary companies in which substantial investments are held, amounted to R29.4m, an increase of 85% on











